Daily Report

Soviet Union

FBIS-SOV-91-095
Thursday
16 May 1991

Daily Report
Soviet Union

FBIS-SOV-91-095 *16 May 1991*

CONTENTS

NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

ARMS CONTROL & DISARMAMENT

START Treaty 'Virtually Completed' *[Frankfurt/Main FRANKFURTER ALLGEMEINE 15 May]* 1
Army Paper on Destruction of Last INF Missiles *[KRASNAYA ZVEZDA 11 May]* 1
U.S. Position on Chemical Weapons Praised *[Moscow Radio]* 1
Mixed Reactions on Confidence-Building Talks *[TASS]* 2

WORLDWIDE ISSUES

Ignatenko Cited on Election, FRG's Honecker *[IZVESTIYA 16 May]* 3
European Conflict Center Called 'Indispensable' *[TASS]* 3
Galvin on NATO's Future, USSR Relations *[IZVESTIYA 15 May]* 4
IZVESTIYA Reopens KAL Investigation *[13 May]* 5

INTERNATIONAL AFFAIRS

United States & Canada

CIA Director-Designate, Agency Goals Viewed *[Moscow International]* 8
General Moiseyev Concludes Visit to Canada *[TASS]* 8
Military Agreement Signed *[Moscow Radio]* 8
Military Agreement Explained *[KRASNAYA ZVEZDA 14 May]* 9
Canadian Spokesman Comments on Accord *[Moscow TV]* 10
Correction: IZVESTIYA on Topaz Reactor 10

China

PRC Relations Viewed Ahead of Jiang Visit 10
PRC 'Not Abandoning Reforms' *[KOMSOMOLSKAYA PRAVDA 15 May]* 10
Importance of Ties 'Not Exaggerated' *[IZVESTIYA 14 May]* 12
Ignatenko on Importance of Jiang Zemin Visit *[Moscow International]* 14
KYODO Says Jet Fighters To Be Given to PRC 14
Jiang Zemin Arrives for Official Visit *[TASS]* 14
Makes Statement *[PRAVDA 16 May]* 15
Gorbachev Welcomes Jiang in Kremlin *[TASS]* 15
PRC Spokesman Cited on Meeting *[TASS]* 15
First-Day Talks Summarized *[PRAVDA 16 May]* 16
Gorbachev Hosts Dinner *[TASS]* 17
Leaders Give Dinner Speeches *[PRAVDA 16 May]* 17
PRC Reportage of Jiang Zemin Visit *[cross-reference]* 20
Soviet Consulate General Opened in Shenyang *[IZVESTIYA 15 May]* 20

Northeast Asia

Nuclear Safety Technology Transfer Expected *[TASS]* 20
Protocol on Technology Exchange Signed With ROK *[TASS]* 20
ROK Assembly Speaker Views Bilateral Relations *[TASS]* 21

Commentator Reviews Relations With ROK *[Moscow International]* 21
DPRK Lumber Workers Attack Customs Official *[IZVESTIYA 15 May]* 22

Near East & South Asia

Bessmertnykh, 'Arafat Note 'Positive' Talks *[TASS]* 22
'Historic Opportunity' Seen for Mideast Peace *[IZVESTIYA 16 May]* 23
Bessmertnykh on Key Soviet Role in Mideast Peace *[TASS]* 23
Bessmertnykh Returns to Moscow From Middle East *[TASS]* 24
Bessmertnykh's Near East Mission Evaluated *[IZVESTIYA 16 May]* 24

NATIONAL AFFAIRS

Political & Social

Cabinet Session on Anticrisis Program Described *[INTERFAX]* 26
PRAVDA Report *[16 May]* 26
Shcherbakov Address Reported *[Moscow TV]* 27
Pavlov on Market, 'Shadow' Economies *[INTERFAX]* 30
Gorbachev Closing Speech *[Moscow TV]* 31
Silayev Satisfied With Meeting *[TASS]* 35
Officials Queried on Cabinet Session *[Moscow TV]* 35
Kvitsinskiy Named First Deputy Foreign Minister *[TASS]* 36
Voronin Appointed Representative to EC *[TASS]* 37
Bakatin Stresses Preservation of Union *[Moscow International]* 37
TASS Reviews Press for 16 May 37
Pilots To Join 21 May Strike *[TASS]* 38
Deputy Minister Says Situation 'Critical' *[INTERFAX]* 38
Kalugin Fails To Return From U.S. Conference *[SOVETSKAYA ROSSIYA 14 May]* 38
Press Report Denied *[INTERFAX]* 39
More on TASS Production of Documentary Films *[TASS]* 39

Economic

Aide Predicts Convertible Ruble Within 2 Years *[TASS]* 39
All Kuzbass Coal Mining Enterprises Working *[TASS]* 40
Mine Workers Strike for Pay Raise, Control *[Moscow TV]* 40
Committee Notes Miners' Strike's Failure *[INTERFAX]* 40
Republics Discuss Joint Action Program *[INTERFAX]* 40
Economic News Agency To Be Established *[Paris BUSINESS IN THE USSR No 12]* 41
Businessmen Set Up Confederation in Moscow *[INTERFAX]* 42

Military

Italian Paper Interviews Defense Minister Yazov *[KRASNAYA ZVEZDA 16 May]* 42
General Chernov Explains Tank Movement to Siberia *[INTERFAX]* 43
Defense Ministry, Trade Unions Sign Agreement *[KRASNAYA ZVEZDA 15 May]* 43
Abuses of Military Transport Aircraft Noted *[INTERFAX]* 44
Sailors Recruited on Experimental Basis *[Moscow International]* 44
Military-Political Academy Chief Dies *[KRASNAYA ZVEZDA 15 May]* 44

REGIONAL AFFAIRS

Baltic Republics

Baltic Republics Disagree With Union on Finance *[BALTFAX]* 45
Estonia's Miller Criticizes Anticrisis Plan *[BALTFAX]* 45
Estonia Considers Bill on Compensating Emigres *[BALTFAX]* 45
Latvian Legislature Passes Compensation Law *[Riga International]* 45
Riga Prepares for Future Talks With Moscow *[BALTFAX]* 46
Latvian People's Front Drafts Withdrawal Plan *[Riga Radio]* 46

Latvian OMON Special Unit Issues Warning *[BALTFAX]* 46
Communist Groups' Strike Committee Holds Meeting *[Riga Radio]* 47
'Black Beret' Attacks Reported in Lithuania *[Vilnius Radio]* 47
Lithuanian Official Criticizes OMON Actions *[Vilnius Radio]* 47
Lithuanian Government 1 May Session Reported *[EKHO LITVY 3 May]* 48
Session Continues 2 May; Proceedings Reported *[EKHO LITVY 4 May]* 48
Presidium Accepts Draft Constitution for Debate *[EKHO LITVY 4 May]* 49
Vilnius Militia Commander's Statement Reported *[KRASNAYA ZVEZDA 15 May]* 49
Lithuania's Vagnorius Cited on Economic Reform *[BALTFAX]* 49
'Forum' Studies Lithuanian-Soviet Relations *[BALTFAX]* 49

RSFSR

Yeltsin Continues Czechoslovakian Visit 50
Addresses CSFR Assembly *[TASS]* 50
Stresses Economic Ties *[TASS]* 51
Declaration Signed *[Moscow Radio]* 51
'Satisfied' With Prague Talks *[TASS]* 51
Ends Visit, Departs *[TASS]* 51
Sobchak To Be Yeltsin Agent During Campaign *[Moscow TV]* 52
Further Reportage on Communist Party Plenum 52
Sokolov Gives Address *[SOVETSKAYA ROSSIYA 14 May]* 52
Economic Policy Outlined *[SOVETSKAYA ROSSIYA 14 May]* 55
Rutskoy Speech Cited *[SOVETSKAYA ROSSIYA 15 May]* 60
Russian KGB Chairman Outlines Basic Tasks *[Moscow TV]* 63
Silayev Interviewed on Economic Plans *[Moscow Radio]* 63
Russian Government Economic Program Assailed *[SOVETSKAYA ROSSIYA 12 May]* 66

Western Republics

Moldovan President Discusses Internal Situation *[INTERFAX]* 68
S. Khmara Predicted Next Ukrainian President *[KRASNAYA ZVEZDA 15 May]* 68
Government, Opposition Clash Reported in Kiev *[INTERFAX]* 69
Shushkevich Criticizes Opposition Methods *[SOVETSKAYA BELORUSSIYA 23 Apr]* 69

Caucasus

Georgian Tensions Persist Amid Natural Disasters *[TASS]* 70
Georgia Advocates Friendship With Armenia *[ARMENPRES]* 71
'Highest Degree of Tension' Reported in NKAO *[Radio Rossii]* 71
Armenia-Azerbaijan Border Situation 'Complicated' *[TASS]* 71
New Troops Massing on Armenia's Borders *[Yerevan Radio]* 72
Armenian Communist Party Secretary Relieved *[TASS]* 72
New Leader Voted on *[TASS]* 72
Ter-Petrosyan on Soviet Action in Armenia *[Paris LIBERATION 13 May]* 73
Official Claims Moscow Has Betrayed Armenia *[Budapest NEPSZAVA 11 May]* 74

Central Asia

Kyrgyzstan, Trade Unions Sign First Agreement *[Moscow Radio]* 75
OMON Reportedly Still Recruiting in Dushanbe *[KOMMUNIST TADZHIKSTANA 24 Apr]* 75
Tajik Law on Denationalization *[cross-reference]* 75
Uzbek Draft Legislation on Enterprises *[cross-reference]* 75
Uzbek Law on Banks, Banking Activities *[cross-reference]* 75
Uzbek Law on Income Tax *[cross-reference]* 75
Kazakh Law on Employment of Population *[cross-reference]* 75
Kyrgyz Illegal Trade Activities Amendments *[cross-reference]* 75

START Treaty 'Virtually Completed'

AU1505101691 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 May 91

["W.A." report: "Akhromeyev: The START Treaty Is Virtually Completed"]

[Excerpt] Frankfurt—According to Soviet Marshal Akhromeyev, the treaty on the limitation of long-range offensive weapons (START), for which the two superpowers have striven for nine years, is "virtually completed." Still existing differences are of minor importance and can be solved within a short time, President Gorbachev's supreme military adviser suggested. The agreement on a date for the signing only depends on Washington's and Moscow's "political willingness," Akhromeyev said in an interview with the NOVOSTI news agency conveyed to this paper. He combined this with criticism of the Americans, whom he reproached with a wait-and-see policy. Only a few days ago, Burt, former U.S. chief mediator in the START negotiations in Geneva, had pressed his government to give more priority to the conclusion of an agreement on ceilings for long-range nuclear weapons. Akhromeyev did not deal with U.S. reproaches that the generals in Moscow complicated the negotiations by their demands for new counting criteria that would have enabled the Soviet Union to keep up to 1,900 additional nuclear warheads for their land- and sea-based long-range missiles. Instead, the Soviet marshal suggested that the final work on the treaty is "now more influenced by politics than by differences of opinion on the actual contents."

Even after the signing of the agreement, both sides will still have a "clear surplus" of nuclear potential, Akhromeyev confirmed. According to the treaty, they would each keep 1,600 strategic carriers in the form of land- and sea-based missiles and heavy bombers, as well as 6,000 nuclear warheads. Because of the planned calculation proceedings, however, the Americans will actually have about 8,400 warheads and the Soviet 7,500 warheads. It will not be possible to achieve the complete reduction of nuclear weapons, as proposed by Gorbachev five years ago, in the foreseeable future, the marshal said and substantiated this as follows: "Unfortunately, other nuclear powers, such as Great Britain, France, and the PRC, also do not accept this." [passage omitted]

Army Paper on Destruction of Last INF Missiles

PM1505100791 Moscow KRASNAYA ZVEZDA in Russian 11 May 91 First Edition p 2

[Report by Colonel A. Belousov and Major A. Dolinin: "No Missiles; Control Remains"]

[Excerpts] At the Kapustin Yar test range 12 May the last two RSD-10 missiles will be dismantled and the Soviet Union will complete the missile demolition envisaged by the Soviet-American INF Treaty.

Several days earlier, the United States finished destroying those of its missiles that come under the treaty's jurisdiction. Thus, the two nuclear superpowers have reduced their weapon arsenals by over 2,500 units. Although this is only 3-4 percent of the entire weapon stocks, facts speak for themselves: For the first time a positive step has been taken not to increase but to reduce nuclear potential. [passage omitted]

So we will have no more intermediate-range missile; as of 12 May they will cease to exist, unless the weather forces a change of plan. The previous day, the explosive demolition of 19 missiles is planned.

During the destruction of the first generations of missiles over 30 land plots totaling 3,000 hectares were returned to the national economy. The sale of hardware produced a sum of 17 million rubles.

So what will the Missile Demolition Control Center do now? A. Gutnikov, the center's chief, believes:

"We will not be without work. The operations schedule for the INF Treaty, as you know, runs over 13 years. In the time that remains two-way inspections are planned. The final touches to the treaty's full implementation will not be made until the next century."

U.S. Position on Chemical Weapons Praised

LD1505155191 Moscow All-Union Radio Mayak Network in Russian 0930 GMT 15 May 91

[Vladimir Pasko commentary]

[Text] U.S. President Bush has announced that the United States is officially renouncing the use of chemical weapons as soon as the convention banning chemical weapons comes into force. The President also announced that after the convention comes into force, the United States intend to destroy within 10 years all its chemical arsenal. Over to our commentator, Vladimir Pasko:

[Begin Pasko recording] The President's statement marks a radical change in the position of the United States on the issue of chemical weapons. Until recently, Washington was insisting on its right to keep up to 2 percent of its current chemical arsenal even if eveyone else destroys their chemical weapons.

This position was reflected in the Soviet-U.S. agreement last year on a radical cut in stocks of the chemical weapons of both countries. The main point of that agreement was to give an impulse to the elaboration of the international convention on a complete and general ban on chemical weapons, being worked out in Geneva by 40 states. It must be said that even during the preparation of the agreement, the Soviet Union pointed out to the United States that the right they were defending lowered the effectiveness of the initiative.

At that time, the United States insisted on sticking to is guns. It advanced as grounds that as long as just one

country had chemical weapons, it was a threat to the United States. Now Washington has abandoned its previous position. A spokesperson for the U.S. Administration essentially admitted that its unwillingness to embark on complete destruction of chemical weapons had acted as a brake on the talks in Geneva.

So what pushed the administration into reconsidering its views? The American press, which long ago reported that the initiative was in preparation, has highlighted two factors: The President believes that the role of chemical weapons in strengthening national security is not so great as to justify keeping them, even as a deterrent, wrote U.S. NEWS AND WORLD REPORT at the end of April. The second factor is the recent war in the Persian Gulf area, during which there was a real thret felt that the sides might use chemical weapons. It did not come to the point of using them, but the existence of the threat showed more strongly than any warnings that the world must be saved from chemical weapons and real barriers must be erected on the path to their expansion. In other words, the Geneva conference had to be rescued from stagnation.

The elaboration of an international convention on the complete and general banning of chemical weapons still has to overcome many obstacles. Today's decision by the White House will certainly be a stimulus to the conference. This is no bad piece of news for Soviet-American relations. It has shown again that the two sides are very close in their evaluation of the threats looming over the world. Both the Soviet Union and the United States have an equally unfavorable attitude to the existence of chemical weapons. [end recording]

Mixed Reactions on Confidence-Building Talks

LD1505161491 Moscow TASS in English 1222 GMT 15 May 91

[By TASS correspondent Vladimir Smelov]

[Text] Vienna May 15 TASS—It may seem, at first glance, that there is every reason to speak highly about the results of the third session in the new round of talks on confidence-building measures and security in Europe, which ended here today. Positive results were achieved in several areas of the negotiations process, particularly in the implementation of the 1990 Vienna document on confidence-building measures, approved by the Paris CSCE summit meeting. But what has actually been done in Vienna during the past month?

For the first time in the history of the CSCE process 34 countries have exchanged information on their military forces and plans for the deployment of their armaments and other military hardware. Such exchanges are the key link in the system of European security, a substantial achievement in further promoting openness in the military domain.

One more task is all but completed—the creation of a CSCE communication system through which the capitals of 34 states will be able to exchange various military information. Certain progress has been made in preparing the second seminar on military doctrines.

The new centre for preventing conflicts in Europe is gaining strength rapidly. It is already exerting efforts to implement the already agreed confidence-building and security measures. But the main and most important task of the centre, linked with the prevention of conflicts, has still not been tackled.

These are, perhaps, the only positive aspects of the past session. If we regard the talks as a whole, we must say that they are still marking time. No answer has still been received to the Soviet delegation's proposal to fix concrete parameters for restricting military activities. Disturbing also is the fact that there are still no deep and far-reaching proposals, compatible with the climate that is appearing in Europe.

Ignatenko Cited on Election, FRG's Honecker

PM1605101991 Moscow IZVESTIYA in Russian 16 May 91 Union Edition p 1

[Report by G. Alimov: "Date of Summit Meeting Not Set"]

[Excerpts] M. Moiseyev, chief of general staff of the USSR Armed Forces, is setting off on a visit to the United States 19 May. Announcing this at a routine briefing 14 May, Vitaliy Ignatenko, leader of the USSR president's press service, noted that this agreement was reached during the recent 45-minute talk between M. Gorbachev and G. Bush. [passage omitted]

On U.S. Food Aid

It has already been reported that the Bush administration is prepared to provide the Soviet Union with credit of $1.5 billion to render food aid. A U.S. delegation plans to visit Moscow as early as this week to study the question further. Commenting, at correspondents' request, on this step by the U.S. Administration, V.I. Ignatenko said that it is aimed at supporting our reforms and this consideration was the main one when the Bush administration took this decision. "This aid is being rendered to us at a difficult time and we assess the step positively," the USSR president's aide said.

Welcome Guest From Italy

That was the description of the forthcoming visit of G. Andreotti, chairman of the Italian Council of Ministers, to Moscow. It is expected that the eminent guest will come to our country "with a whole collection of questions of very great importance for discussion."

This will be the first summit meeting since M. Gorbachev and G. Andreotti signed the 18 November 1990 treaty on friendship and cooperation between the USSR and Italy. In Moscow it is being noted with satisfaction that as a whole Italy is maintaining in a principled way a friendly line with regard to the USSR. Here the Italian Republic is singled out as a Western country friendly to the Soviet Union. That fully accords with the description of our relations formulated by Italian President F. Cossiga according to which these relations "are increasingly reminiscent of mutual relations existing between allied countries."

Which of the Candidates for the Post of President of Russia Does M. Gorbachev Support?

The announcer of the briefing said that th is question is often put to staffers of the USSR president's press service. The process of the candidates' nomination is still at its height, he said. In any case, M. Gorbachev does not consider it possible or correct for him to express himself in favor of a particular contender for the leading state post of the Union's biggest republic. You must agree that this might be assessed as the president's participation in the election campaign of a particular candidate. In such cases restraint is preferable, in M. Gorbachev's opinion. He will voice his personal stance as a citizen to those who give their voice for a program which will be aimed at overcoming crisis phenomena, creating fitting living conditions for the peoples of RUssia, and collaborating constructively with other republics in building a renewed Union, V. Ignatenko said.

Who Will Decide E. Honecker's Fate

The newspaper BILD (FRG) has published negative statements addressed to former Socialist Unity party of German Secretary E. Honecker allegedly coming from President M. Gorbachev. V. Ignatenko was asked to confirm the authenticity of these reports and also asked about the further fate of the Honeckers.

"Regarding the statements, they are totally unfounded," the president's aide said. "They are a fabrication. Assessments of this kind in general are not in the character of our president. And the fate of Honecker depends on his health."

About Apartments for Servicemen

IZVESTIYA asked V. Ignatenko to comment on some agitated items in the FRG press containing rebukes leveled at our country in connection with the intention to involve Turkish and Finnish firms in the construction of apartments for the servicemen leaving Germany. Oil is poured on the fire by claims that the USSR is virtually abandoning former agreements which allegedly stipulated that orders be handed exclusively to German firms. It is important to note, the USSR president's aide noted, that the bargaining over who should get the construction orders has not yet been concluded and the question is not closed. Discussion with Turkish and Finnish firms concerned just three establishments, there remain over 10. Irritant elements should not be introduced to these questions, V. Ignatenko noted. Chancellor Kohl and President Gorbachev are in constant contact and we are sure that this question will be touched on in their next telephone conversation. There is hope that the problem will be examined at political level most favorably.

European Conflict Center Called 'Indispensable'

LD1505170691 Moscow TASS in English 1519 GMT 15 May 91

[By TASS military analyst Vladimir Chernyshev]

[Text] Moscow May 15 TASS—A regular meeting of the Consultative Committee of the European Centre for Preventing Conflicts has been held in the Austrian capital. It discussed problems related to the exchange of information on armed forces and the deployment of principal weapons systems by CSCE states. This exchange has become, without doubt, a key link in the development of the entire confidence-building and security system in Europe. Even more can apparently be said about it: this exchange is quite extraordinary because it involves, for the first time in the history of the CSCE

process, such a large number of participants and such a huge volume of information.

The Centre's participation in the collection and dissemination of information on the structure of armed forces, weapon systems and means of warfare enhances the "transparency" of defensive structures. Any CSCE state will now be able to receive trustworthy information on military matters from all over the continent—from the Atlantic to the Urals.

The European public pins great hopes on the Centre, whose establishment has definitely helped institutionalise the CSCE process. In light of the rapidly changing military and political situation in Europe, this body is apparently indispensable as a prototype of future supra-bloc structures on our continent.

The Soviet Union has long ago determined its attitude to the Centre's tasks and functions. In addition to the exchange of information on the structure of armed forces and armaments, it is apparently advisable that the prompt establishment of contacts between CSCE nations, particulary in case of tension, and their provision with a clearer idea of the military situation and its possible development be included as its main tasks. It is necessary that major importance be attached to the mechanism of consultations and cooperation in the sphere of extraordinary and unplanned military activities. A system of special meetings, to be held in the Centre, as well as urgent contacts to clarify such activities would contribute to the further strengthening of confidence and would reduce the risk of an accidental conflict due to some miscalculation.

From the very outset of the Vienna forum Moscow wanted the Centre to be charged with the broadest functions and to be turned into a kind of multilateral "red telephone", helping to promptly settle disputes. The Centre could dispatch "good offices" missions to hot spots and assume mediation functions. The vesting of the Centre with political functions would help reduce frictions and tension, would ensure direct mediation between conflicting sides.

Unfortunately, the Soviet approach was not backed by all the parties to the negotiations. As a result, the Centre's functions were narrowed down as compared to what was proposed by the Soviet Union. However, the West has already begun to realise the expediency of expanding the Centre's functions. For instance, U.S. Secretary of State James Baker and German Foreign Minister Hans-Dietrich Genscher have expressed the wish in their joint statement of May 10 that the CSCE foreign ministers conference in Berlin, scheduled for June 19-20, should discuss concrete additional functions that could be given to the Centre in order to enhance its role in preventing and settling conflicts. Such an approach on the part of Western representatives could apparently be welcomed and their proposals should be thoroughly considered.

Galvin on NATO's Future, USSR Relations

PM1505111791 Moscow IZVESTIYA in Russian 15 May 91 Union Edition p 1

[Correspondent A. Shalnev report: "John Galvin Offers Cooperation"]

[Text] New York—NATO and the Soviet Union could in the future be friends with a common enemy rather than being rivals.

That was one of the main points in a confidential briefing given at NATO Headquarters near Brussels by General John Galvin, NATO supreme allied commander, Europe. The briefing was held for the permanent representatives of the alliance at the headquarters back on 17 April, and now certain details of what the general said have been obtained by THE WALL STREET JOURNAL.

According to this information, J. Galvin "outlined a plan for military cooperation with the Soviet Union which the European representatives privately called 'historic.'" The newspaper gives no details of the plan, however—with one exception: The supreme commander in chief suggested giving officers from the Soviet Union and the Eastern European countries access to the NATO colleges in Oberammergau, Germany, which still remain top secret. The symbolism behind this proposal is obvious. THE WALL STREET JOURNAL stresses: "In the very lecture halls where NATO officers are being taught how to use nuclear weapons, their former enemies from the Soviet Union will receive instruction on issues of mutual interest."

The general also proposed—but in general terms—"establishing and maintaining contact with the Soviet military at all levels." He expressed doubts about the "sense in continuing the practice of previous years, whereby ties with Moscow were cut off if its behavior was not to the West's liking." In J. Galvin's view the West should avoid actions which could be wrongly interpreted as a threat. Moreover, the West, the general stressed, should help the Soviets to settle their domestic problems.

The proposals stem from two fundamental premises: Having carried out the conditions of the CFE Treaty, the Soviet Union—according to the NATO analysis—will be incapable of mounting a large-scale attack on Western Europe. That is the first point. Second: "All of us," those who were present at the briefing quoted J. Galvin's statement, "are encountering the same threat from the South—from fundamentalist and totalitarian regimes equipped with vast arsenals." In other words, the USSR and NATO have a common enemy.

In an interview with WALL STREET JOURNAL correspondents Gen. Galvin on the whole reaffirmed the accuracy of the account of his confidential briefing. He noted the need to ensure that the Western alliance views the Soviet Union with "new eyes." He is convinced that

"good working relations between NATO and the Soviet Union are of paramount importance."

At the same time, the newspaper notes, the general denied that he was calling for "operational cooperation" with the Soviets or for an "eastward expansion of the alliance structure"—that is, the inclusion of the formerly socialist Eastern European countries in NATO.

J. Galvin stressed that the United States must retain a more than symbolic presence in Europe. The United States should keep far more than 100,000 men stationed there. The general, THE WALL STREET JOURNAL noted, was particularly enthused about plans to set up a new air base in Italy, where the 401st Tactical Fighter Wing will be transferred from Spain by 1992.

J. Galvin's Brussels briefing and the subsequent explanations provided by THE WALL STREET JOURNAL are, the newspaper believes, a "component in the efforts the military is making to more clearly define the alliance's future role as quickly as possible and thereby avert the loss of the impetus which NATO has built up as a result of the Gulf War." "Although the military," the newspaper continues, "have come back from the war with a greater sense of confidence in their mission, NATO's civilian leaders have gotten bogged down in debate around the first strategic analysis in the past 23 years" of NATO's role.

Dissemination of the report on the results of the analysis, THE WALL STREET JOURNAL reports, "has been postponed until the fall as a result of the dissension that has emerged over the European countries' attempts to attach greater importance to their own alliance—the so-called Western European Union—which has long ceased to have any significance."

IZVESTIYA Reopens KAL Investigation

91UF0737A Moscow IZVESTIYA in Russian 13 May 91 Union Edition p 6

["IZVESTIYA Investigation. Part Two: Responses" by Andrey Illesh: "Secret of the Korean Boeing-747"]

[Text] **Two months have elapsed since the publication of the first series of articles of the IZVESTIYA investigation (Nos. 18-34). The editorial office has in this time received much new information, with which we intend to familiarize you.**

This reporting has evoked great interest overseas, particularly, as was to have been expected, in the United States, Japan, and South Korea. We are being reprinted and synopses are being published in these countries, as in many European countries also. But another result obtained within the country would seem far more important: Our colocutors, the writers of letters—not all but many—have been able to shake off from themselves the burden of long-standing fear, habitual misgivings, and uncertainty as to their rights and to rid themselves to a certain extent of the "Soviet man complex," which often compels us to keep quiet. Readers have attempted to help the journalists in their work as best they could. And we are grateful to everyone—those who gave us permission to mention their names in print and those who are not as yet venturing to reveal their name and position.

Before we begin publication of part two of the investigation, we offer for your attention letters from our mailbag. These letters not only recall the main events, with which we have already dealt, but also pose many questions we intend to address subsequently.

I.

"But what do you hope to get from official sources—ministries, the military, and the KGB—answers to serious questions?" Ye. Dmitriyev, a colonel of the reserve from the Moscow area, writes to the editorial office. "As I understand it, the main thing is whether the Soviet pilots knew that the aircraft belonged to a civilian airline and had passengers on board?

"It has to be said plainly that even without additional information it is clear that we made a tragic mistake. But taking on ourselves the entirety of the responsibility for it would be unfair. Our, the USSR's, confession is surely not enough to put an end to matters in this tragedy. Such a confession should be made by the U.S. special services also.

"In analyzing this most serious international incident, we cannot investigate merely the military-engineering problems. It is essential to take account of the political atmosphere that had taken shape in 1983 in our country and the world as a whole. Violations of the air space, in the Far East particularly, had also increased in frequency at that time. A number of documents of the commander in chief of air defense forces, which ordered a decisive curtailment of the provocations, had appeared at that time (it has to be mentioned that there had been such intrusions earlier also. Thus in 1978 a Boeing-707 passenger aircraft of that same South Korean airline, which had allegedly wandered off course, was, at the demand of Soviet fighters, attacked and forced to land on the Kola peninsula).

"But the Soviet military's resolve did not always result for them in rewards. Practically all the directive documents pertaining to alert duty were compiled in such a spirit that it was hard to understand when, specifically, to open fire or fire missiles. Each instance was fenced around with a palisade of notes and provisos, and a display of initiative was, as a rule, punishable. Officers would joke among themselves: 'Reward those not involved, punish the innocent.'

"The command to open fire on KAL-007 would hardly have come from the local commander: the negotiations between the Far East and the center were evidently prolonged. And the main argument in support of the decision to destroy the intruder was, in my view, the previous provocative violations of the air space in that area."

"...We will let it be a matter for the conscience of the author to imagine himself a celebrated Sherlock Holmes-type sleuth," G. Petrunenko, a retiree from Zhitomir Oblast, is persuaded, "but perhaps we have had enough of involvement in endless exposures of the past? People are beginning to realize that the stagnation period was paradise compared with the present. We were poor then, but we had all we needed, but now we have nothing either to eat or in the way of clothing. Our press has involved itself in an exposure of the past, censuring not only its bad parts but its good parts also. This is what I think: Let the investigating authorities deal with the investigation, and let the press concern itself with the people's education."

"Many thanks to you for what you have begun. Our sincere wish is that you be impeded less (hopes of assistance in this matter on the part of the state are, we realize, very transparent). We also welcome the continuation of the investigation initiated by the articles of A. Shalnev from New York. In our view, it is essential to incorporate in this work the paper's correspondents in Japan and South Korea also. Unfortunately, we cannot assist you in your investigation in any way." And the signature: I. Safronov, chairman of the Aviation Department Office of the USSR Armed Forces Museum, and V. Korovin, academic secretary of the Aviation Department.

"I, Yuriy Zakharov, am a military pilot first class, colonel of the reserve, and former interceptor pilot of national air defense fighter aviation. It is my profound belief that far from all possibilities of identifying the intruder aircraft were employed and, proceeding from this, competent decisions adopted. Not to mention the subsequent clumsy attempts by our military-political leadership to justify such an appalling action and evade responsibility.

"I know from my own experience how difficult it is for the interceptor pilot. Intercepting an air target at night, and in clouds, what is more, is the pinnacle of the interceptor pilot's combat training. He approaches this after years of sustained flying work, mortal peril, and cold calculation.

"So had Osipovich calculated everything? The sight equipment on the interceptor enabled the pilot to detect the intruder at a distance of many kilometers and then to see visually, as he himself says, that there was 'in front of him a large aircraft with its lights and flashers on... unlike any military or reconnaissance aircraft,' whose silhouettes the lieutenant colonel knew well: they were pasted all over the walls of the classrooms and ready rooms. It is odd that he did not report what he saw to the command post. And if he did do so, no rational command ensued. One has the impression that, in the grip of the arguments about the frequent violations of the air space by U.S. military aircraft, both the pilot and the ground observation services were burning with the sacred fire of vengeance against the aircraft foe which had, at last, come into their sights."

"...After many years of service in aviation, I graduated from the Military Academy and was for more than 10 years, first, assistant and then air attache in Canada, Denmark, and the Netherlands. I state with all credibility that it was a civil aircraft for I read in the original a mass of material, both official and letters from relatives of the deceased, which could not be read without a shudder.

"I do not want my letter to be seen as unreserved slander of our illustrious pilots. On the contrary, I am proud to be one of them and believe that this is a glorious, heroic profession. But this in no way absolves the pilots of responsibility for their actions. In addition, I am sure that the unthinking, irresponsible actions involved in the downing of the passenger aircraft seven years ago are directly connected with today's operations of the 'black berets.' The same handwriting: Destroy, don't think, others will do the thinking for us. And that same lie in justification...."

"The real culprit of the loss of the Boeing and the passengers is going unpunished in the United States. And it is there that he needs to be sought! Further, trust my 20 years of experience of work at an air defense division command post: Such airliners as the Boeing-747 do not go astray. Wandering off course is impossible," N. Serov, former deputy chief of staff of an air defense division, is convinced. "And if you want, you will be put right from the ground. I would ask you also to consider that real combat operations between U.S. aerial reconnaissance resources and our air defenses were under way in those years. RV-47 reconnaissance aircraft were flying round the clock, day and night, along our borders south and north, west and east. They would sometimes make brief incursions into our territory, drop spies and saboteurs by parachute, and then head back to neutral waters. We were forced to send up our fighters and keep them on a parallel course. As a result of the skirmishes there were losses on both sides...."

"I do not know what you will come to in your investigations but I would ask you to consider here the contents of an order of the USSR defense minister, which says: 'Not to open fire at passenger and trainer aircraft violating the state border of the USSR in daytime in order to hit them but through signals given... by the interceptor pilots to warn them: 'You are an intruder, follow me for landing.'

"At night time, however, and in daytime in difficult weather conditions (clouds, fog) intruders were ordered to be shot down. It follows from this that the violation of the border and the landing in Moscow of the trainer aircraft flown by Rust were illustrated incompetently in our press. In this case I also would not have given the order to shoot down such an aircraft. But what if it had been? There would have been the same reaction as with the Boeing. I would therefore request that you be careful and do not draw ill-considered conclusions."

Not waiting for the end of the investigation, Intourist translator T. Paygorova from Kislovodsk sent for publication photographs of a young woman who was on that Boeing. The IZVESTIYA reader told this story....

"...They were a happy couple a year prior to the tragedy. They were expecting a child. On 12 August 1983 her husband, Dr. Anger, who still lives in Potsdam, sent her off to her father in Canada, where she intended having a complete examination in connection with her future child. A week later she, happy, told her husband that the fetus was developing normally and that she would shortly be flying home, after having visited friends in the United States. Tragic and senseless death ended two lives simultaneously.

"Dr. Anger later wrote in a letter: 'Despite the years separating me further and further from Barbara's death, I simply cannot come to terms with her death. There was a big difference between us in age. Of course, with our child I would have remained young for a long time to come. A day does not go by without it somehow reminding me of her—either in a woman with a similar figure or walk or long hair worn in her style....'"

"I cannot without a shudder recall the events of 1 September 1983, when in the Far East, under the leadership of General of the Army I. Tretyak, commander of the Far East Military District, an 'air defense operation' to destroy a Korean passenger aircraft with a large number of passengers on board was conducted," V. Vinogradov, colonel of the reserve, believes. "I judge no one but I am convinced here that the main reason is rooted in the general deplorable state of the entire national air defense system. Its results are the South Korean Boeing, Rust's 'air-chicken,' the air message with a bouquet of flowers to Batumi.... But those top military functionaries who have brought the air defense system to such a pass have only risen in office."

"We would like through your newspaper to address the near ones and dear ones of all those who died in this air catastrophe and also all those who, having become acquainted with our appeal, share its propositions.

"1. As citizens of the USSR, we accept a certain part of the blame for the actions of our government which entailed the loss of the Boeing-747 airliner with passengers on board. We ask all near ones and dear ones of the deceased to forgive us and accept our sincerest sympathy and condolences.

"2. Wishing if only to a slight extent to expiate our country's responsibility for what happened, we assume the initiative for the commencement of the construction of a memorial obelisk to the deceased.

"3. We request assistance of all those who share with us the entire pain and sorrow at what happened—by word, deed, and counsel. [signed] R. Nikiforov, A. Sidorov—residents of the city of Nevelsk, Sakhalin."

The editorial office thanks all those who sent letters, telephoned us, or found an opportunity to come and assist the journalistic inquiry in person. Without the assistance of the newspaper's readers our work would have been altogether impossible. We are starting a new series of publications, which are based to a large extent on readers' prompting and documents which the editorial office has received of late. We thank everyone and await new communications.

(To be continued)

United States & Canada

CIA Director-Designate, Agency Goals Viewed

LD1605103591 Moscow Radio Moscow World Service in English 2300 GMT 15 May 91

[Vladislav Kozyakov commentary]

[Text] President Bush has announced his decision to appoint a new CIA chief to succeed the retired William Webster. The new CIA director will be Mr. Robert Gates, currently a deputy national security adviser. Commentary by Vladislav Kozyakov:

The change of the CIA leader is taking place at time when radical changes have taken place in the world. The very basis of CIA's activity has changed. As a NEW YORK TIMES observer has remarked, the disappearance of a Soviet threat in 1989 and 1990 suddenly stripped the CIA and related organisations of the goal that has guided them for four decades.

President Bush himself, while announcing Webster's resignation, drew attention to the fact that the United States has to deal with a new situation in the world. We have positioned ourselves, he said, for the challenges of the 1990's, which are different from those of the 1980's.

Speaking about the American special services, however, we can say that they continue to act by intertia. The retired CIA director has kept on repeating that the Soviet Union has been number one object for his department's work.

Radio Station Liberty, set up by the CIA back in the cold war years, is still in operation, broadcasting in the languages of Soviet nations. More than that, there are some innovations. An American intelligence subdivision has been created to gather information about the workers' movement in the Soviet Union, certainly least of all to contribute to Soviet society's consolidation.

Shortly before Mr. Webster stepped down, the U.S. NEWS & WORLD REPORT disclosed that there was a highly classified analysis being prepared by American intelligence, an analysis that indicates that Washington plans to step up its special services activity against the Soviet Union. Such disclosures make not only the Soviet Union anxious, they are likely to cause puzzlement among many Americans as well.

At any rate, the bill on the end of the cold war, tabled in the Senate recently, provides, as one of the measures, the elimination of the CIA and the transfer of its functions to the Department of State.

Now, when the CIA leadership is changing, a question naturally arises about corrections in that federal department's activity. Can the CIA overcome the stereotypes of the past and look at international relations, especially those between USSR and the United States anew? After all, the challenges America and the Soviet Union have been encountering are totally different from those that were during the decades of the cold war.

As the experience of the struggle against the Iraqi aggression has shown, the USSR and the United States can work together successfully as allies in the United Nations. This is not the sole example of bilateral ties.

The newly appointed CIA chief, Robert Gates, is relatively young. He is 47 and an expert on Soviet affairs. According to a CIA report, his appointment indicates that the new generation of younger leaders is taking over the CIA leadership. Will a new, fresh approach be revealed toward the new realities that have come after the cold war? This can be judged only by the new CIA director's concrete activity.

General Moiseyev Concludes Visit to Canada

LD1605081791 Moscow TASS in English 0751 GMT 16 May 91

[By TASS correspondent Valentin Vasilets]

[Text] Ottawa May 16 TASS—General Mikhail Moiseyev, chief of the General Staff of the USSR Armed Forces and first Soviet deputy minister of defence, wound up his official visit to Canada on Wednesday.

During the six-day visit, the USSR and Canada signed an agreement to prevent dangerous military activity through a mechanism for settling peacefully any incidents that may occur between the two countries' armed forces. Both sides described the document as a new step towards boosting trust between the two countries.

Moiseyev and military leaders who accompanied him met top officials from the Canadian National Defence Ministry at a round-table conference. They discussed prospects for developing contacts between the two countries' armed forces, as well as security and arms control issues.

Moiseyev toured military bases in Alberta and British Columbia, attended exercises, and visited military educational establishments where he talked to cadets. On his tour of the country, which ended in the city of Victoria on the Pacific coast, he was accompanied by General John de Chasterlain, Canadian military chief of staff.

Military Agreement Signed

LD1405135991 Moscow All-Union Radio Mayak Network in Russian 0830 GMT 14 May 91

[Text] The visit to Canada by Army General Moiseyev, USSR First Deputy Defense Minister and Chief of Staff of the Armed Forces, is continuing. Vadim Fotinov, our correspondent in Ottawa, reports:

[Fotinov] The current visit by the Soviet commander is a continuation of the dialogue that began in 1988 when the Canadian Ministry of Foreign Affairs adopted a

decision on the abrogation of many limitations on contacts between Canadian servicemen and their colleagues in Eastern European countries and in the Soviet Union. Subsequent to this, General John de Chastelain, Canadian Chief of Defense Staff, visited Moscow for the first time in the history of the Canadian Armed Forces. He spoke to students at the Academy of the General Staff and visited Leningrad Oblast and the Kola Peninsular.

Such trips are also planned during the reply visit to Canada by the Soviet commander. In particular, the Soviet delegation will visit the military engineering college in Victoria, in the Province of British Colombia, and naval and airforce bases in the provinces of Ontario and Alberta.

General Mikhail Moiseyev and John de Chastelain signed an agreement in Ontario between the governments of the USSR and Canada on the prevention of dangerous military activity. The agreement creates a mechanism for the resolution by peaceful means of incidents and dangerous situations that could arise either at sea or on the mainland between the personnel of the Armed Forces of the two countries. In the opinion of a representative of the Canadian Defense Ministry, the agreement signed is a new and important confidence measure and evidence of the growing mutual understanding between servicemen of NATO countries and the Soviet Union and is, of course, a stage in the development of Soviet-Canadian military dialogue.

The Soviet delegation has held talks with Canadian military leaders on such issues as the military activities of the USSR and Canada in the Arctic, international (security), and the reduction of weapons in Europe. On Wednesday the Soviet military delegation will leave Canada for Washington.

Military Agreement Explained

PM1605081191 Moscow KRASNAYA ZVEZDA in Russian 14 May 91 First Edition p 2

["Commentary on Agreement Between USSR Government and Canadian Government on Averting Dangerous Military Activity"—KRASNAYA ZVEZDA headline]

[Text] The agreement is based on both sides' desire to take strong and effective measures aimed at reducing the possibility of incidents arising between their Armed Forces; at immediately and peacefully settling incidents which could arise as a result of dangerous military activity; and at ensuring the safety of ship or aircraft personnel or the ground facilities being utilized by them while performing activities near the other side's corresponding armed forces personnel and equipment.

The agreement defines four categories of armed forces activity by the sides that are deemed dangerous military activities and that both sides aim to avert under the said treaty.

The sides have pledged to take the necessary measures aimed at averting intrusion by their armed forces personnel (equipment) into the other side's state territorial boundaries for reasons of force majeure (i.e. reasons of an emergency nature associated with the effect of an insuperable force such as the elemental forces of nature or disaster, or with accidents and the like) or as a result of unpremeditated actions by such personnel. Crossing state borders for these reasons is not hostile; however, the consequences of such a crossing could be extremely dangerous—given the lack of a clearly prescribed communication system.

The procedures for establishing and maintaining communication in accordance with the agreement provide a definition of levels of communication, radio frequencies, signals, and passwords that are needed in each specific situation. The expediency of using one communication channel or another must be determined by the appropriate commander in chief or commander depending on the requirements of a swift settlement of the situation that has arisen, in which delaying actions and decisions carries the risk of aggravating the situation and making its more dangerous.

Both sides' precise carrying out of the procedures for settling incidents associated with an entry across state territorial borders guarantees each side's armed forces personnel and equipment against the use by personnel of the armed forces of the side that is protecting its state border of the extreme measures provided by relevant laws and rules for action against border violators.

The sides have pledged to take the necessary measures aimed at averting the use of lasers when their radiation could cause harm to the other side's armed forces personnel or damage to its equipment. At present a great number of laser device types exist, which substantially differ from each other in their parameters. It is not possible, therefore, to establish any specific quantitative criteria for limiting the dangerous use of laser systems. Each side, having at its disposal a specific laser system of one sort or another, autonomously determines the distance at which its use is dangerous.

Each side has pledged to take the necessary measures aimed at averting complications to the actions of the other side's armed forces personnel (equipment) in areas which they have specially defined as special attention areas when this could cause harm to personnel or damage to equipment.

It was borne in mind here that the presence of various states' armed forces groupings in the same area, along with an extremely tense situation that had arisen in that area for various reasons, could lead to a situation whereby any careless or incautious actions by one side carried the risk of the tragic consequences associated with the deaths of people and the loss of equipment. Coordinated measures in a special attention area are taken exceptionally with the aim of reducing the dangerously explosive tension level in connection with finding

armed forces groupings in contact with each other. They are introduced as an emergency and on a temporary basis so as to prevent a threat to personnel and danger to equipment and to promote the establishment of mutual understanding, trust, and predictability given the tendency toward an escalation of tension.

Each side has pledged to take the necessary measures aimed at averting the creation of interference in command and control networks that could lead to harm being caused to the other side's armed forces personnel or damage to its equipment. This means accidental or unpremeditated interference. Personnel who discover interference in their command and control networks and establish that this is potentially dangerous can report this to the armed forces personnel of the side that is present in immediate proximity to it if the interference, in their assessment, is emanating from those personnel. Having received such information the other side's armed forces personnel, having verified it and come to a conclusion about the justification for the claim, immediately stop the interference.

The sides agreed on regular meetings of their representatives to make the measures aimed at further increasing the agreement's effectiveness more precise and specific and to consider possible ways of ensuring a higher safety standard for the sides' armed forces personnel and equipment, which could lead to the discovery of new spheres of collaboration in the field of averting dangerous military activity.

The agreement, which comes into force six months after it has been signed, will be carefully studied in the USSR and Canadian Armed Forces. The demands on ship and aircraft crews carrying out their operations in the open sea and in the airspace over it will be increased, as will the demands on the sides' ground forces subunits operating in immediate proximity to each other.

The agreement will be a significant event in further improving the mechanism for averting dangerous situations in instances of contact between the USSR and Canadian Armed Forces. A similar agreement has also been concluded between the USSR and the United States. It should make a substantial contribution to improving relations and strengthening mutual understanding between these countries and serve as an additional basis for preserving stability and security, and also for strengthening trust between them and improving the international climate as a whole.

Canadian Spokesman Comments on Accord

LD1505110391 Moscow Central Television First Program Network in Russian 1800 GMT 14 May 91

[Report by correspondent V. Fotinov, including interview with Brigadier General B. Gates, Canadian Defense Ministry spokesman, in Canada; date not given; from the "Vremya" newscast—recorded, Gates remarks in English with superimposed Russian translation]

[Text] [Fotinov] The visit to Canada by Army General Moiseyev, first deputy USSR minister of defense and chief of the General Staff, is being concluded.

General's Mikhail Moiseyev and John de Chastelain, chief of the Canadian Defense Staff, are signing an agreement, each for his own government, between the USSR and Canada on averting the danger of military activity. The agreement creates for the first time a mechanism for settling by peaceful means dangerous situations that have arisen in the past and that could arise in the future in the air, at sea, or on land.

[Gates] I believe that the agreement that has been signed is, on the one hand, a new and important confidence-building measure, which illustrates the further improvement in East-West relations. On the other hand, this is a stage in the development of a dialogue between the military in Canada and the Soviet Union.

[Fotinov] If I am not mistaken, this dialogue is already in its second year.

[Gates] Yes. The first contacts were established in 1989. Since then we have exchanged 11 delegations. For example, your MiG-29's have flown here to Canada. It was a Canadian pilot who became the first Western pilot to fly in a MiG. Last summer, four Canadian destroyers paid a friendship visit to Vladivostok, the first NATO vessels to visit that port.

[Fotinov] The five days the Soviet delegation spent in Canada included a visit to military bases, garrisons, and colleges, plus talks with their Canadian colleagues.

Correction: IZVESTIYA on Topaz Reactor

WA1605123191

The following correction pertains to the item headlined "IZVESTIYA on Topaz Reactor Imbroglio," published in the 10 May Soviet Union DAILY REPORT, page one:

The correct name of the first deputy director of the Kurchatov Nuclear Power Institute appearing in paragraphs two and three should be: N. Ponomarov-Stepnoy.

China

PRC Relations Viewed Ahead of Jiang Visit

PRC 'Not Abandoning Reforms'

PM1505133791 Moscow KOMSOMOLSKAYA PRAVDA in Russian 15 May 91 p 3

[Article by A. Platkovskiy: "As General Secretary to General Secretary..."]

[Text] Jiang Zemin, general secretary of the CPC Central Committee, is coming to see us. Visits by the leaders of ruling communist parties are now a great rarity. And as far as the CPC is concerned, such events have not occurred for over 30 years now, since Mao Zedong last

visited Moscow in 1957. Of course, it is by no means these circumstances that enhance the significance of the upcoming talks between M. Gorbachev and Jiang Zemin. Despite any upheavals, the Communist Party of China remains the world's biggest (over 43 million members) and has a firm grip on the helm of government of a country with a population of 1 billion. According to acknowledged tradition, the country's top leader is the Communists' leader. So the meeting between two party bosses whom journalists have dubbed the last of the Mohicans will be primarily a summit meeting between the heads of the two countries.

It is exactly two years since M. Gorbachev's talks in Beijing, which ended the "great quarrel." A lot of water has flowed under the bridge since then. And not only water. The world political landscape has changed out of all recognition. Fortunately, the dramatic changes have not influenced the course of the normalization of bilateral relations. However, it cannot be said that everything is going swimmingly.

A substantial shortcoming of Soviet-Chinese relations is the fact that they lack the personal element. This plays a special role in this instance, if you bear in mind that personal links are very highly valued in the East. The present contacts between Gorbachev and Jiang Zemin offer an opportunity to fill this gap. And it is appropriate to recall here one of the lessons of Soviet-Chinese relations, which is that the subjective factor has had an excessive influence on them. It could not be otherwise during the era of the "great leaders."

Among his intimates Stalin called Mao Zedong the "margarine Marxist" and was hostile toward him as someone who expressed the interests of the "petit bourgeois masses"—the peasantry. And this perception was fully transferred to the sphere of interstate affairs. However, for some reason canned pineapple was greatly to the taste of the "father of the peoples." He called the Chinese "younger brother" on the phone and demanded that he urgently allocate a parcel of land for the construction of a Soviet—yes indeed, Soviet!—fruit cannery... We can only conjecture what feelings gripped Mao Zedong at that moment. The answer was a polite but adamant refusal. Pathological suspicion about the "Kremlin rulers" developed still further during contacts with Khrushchev, who simply could not fathom why Mao Zedong stubbornly refused to allow him to construct a Soviet submarine communications base on the Chinese coast. Brezhnev and the subsequent politicians did not bring anything new and original to the approach toward the Chinese leadership.

Two years ago, at the price of colossal efforts, Soviet diplomacy managed to melt the ice, and M. Gorbachev went to Beijing. When he met with Deng Xiaoping—the Chinese number one—he was forced more to listen than to talk. As M. Gorbachev admitted, his conversation with Zhao Ziyang, the then general secretary of the CPC Central Committee, made a very different impression on him: The mutual understanding was as astonishing "as though we had been acquainted for many years." However, that was the first and last meeting with Zhao. A month later, immediately after the suppression of the "rebellion" in Beijing, he was removed from the post of party leader for supporting the student demonstrations. The irony is that M. Gorbachev was exceptionally popular among the Chinese students as a consistent liberal and reformer. "Democracy is our common dream"—that slogan in Russian stood out in the center of Tiananmen Square on the day the Soviet leader arrived in Beijing.

A significant fact: In that same May of 1989 in Shanghai M. Gorbachev met with Jiang Zemin, secretary of the CPC Municipal Committee. The Soviet guest's visit to this port city was in question until the very last moment—it was seething with student demonstrations, and the guest's motorcade simply could not travel through the narrow side streets. A group of top specialists from our president's bodyguard, working in close contact with the Chinese security services, accomplished miracles, I was told: Almost all items on the program of M. Gorbachev's visit to Shanghai were fulfilled. It is claimed that the advice of our professionals helped thereafter to prevent the introduction of troops into Shanghai and bloodshed. At that time scarcely anyone could have thought that this circumstance would play its part in the promotion of Jiang Zemin to the post of general secretary of the CPC Central Committee.

Jiang Zemin is a figure as yet little studied by foreign observers. He is a moderate reformer skilled in the tactics of compromise. A typical Chinese intellectual who became a party professional. He graduated in 1947 from the Shanghai Polytechnical Institute Electrical Engineering Faculty. In 1955-1956 he did practical training at the ZIS auto plant in Moscow. He knows English, Russian, Romanian, and Japanese. According to some reports, he plays the piano.

Our leader will clearly have sufficient opportunities to evaluate his interlocutor's personal qualities. And all the indications are that it will be extremely important for Jiang Zemin himself to understand the "Gorbachev phenomenon." At any rate, the intellectual and psychological portion of their contacts will be the most interesting and the most important.

The deideologization of interstate relations is certainly a real fact promoting the favorable development of Soviet-Chinese relations. Nevertheless, there are fears that the stereotypes of the past still survive. In Chinese terms, M. Gorbachev is a 100-percent "degenerate who has adopted positions of bourgeois liberalism." The campaign against this pernicious trend continues unabated in China. Moreover, in spring of last year, according to available reports, attitudes toward Gorbachev's policy were a subject of discussion in the top spheres of the Chinese leadership. And what was decided then was not only the question of whether the visit to Moscow by PRC State Council Premier Li Peng would take place, but also the question of the future of Chinese-Soviet relations.

The viewpoint of moderate circles proceeding from China's state interests prevailed. But all the indications are that it was not easy for them to persuade orthodox ideologists that the leader of Soviet perestroyka is not a "traitor to socialism."

The time since the CPSU was deprived of its monopoly position has increasingly convinced China's political leadership that the Communists are nevertheless not abandoning power in the Soviet Union and their leader still espouses positions of the "socialist choice." This question assumes exceptionally great importance for the CPC and its leaders in the present conditions. The point is that the processes taking place in the Soviet Union will have the most direct impact on the social situation in China. The two countries are linked to each other far more strongly than might appear at first glance. "Firm class positions are the guarantee of successes for our two countries and our friendship"—I often heard that phrase in official conversations in China. Such is the reality: Observing the mounting chaos in the Soviet Union, the CPC ideologists and ordinary Communists in horror imagine a situation where their country of 1 billion people would lose its "backbone." The Communist Party—and it is difficult to argue with this—is for the Chinese an integral part of the nation's distinctive development. Just as the country would cease to be China without the ideograms of its written language, without the Communists it is threatened with a cataclysm whose consequences are simply unimaginable. Incidentally, a reappraisal of "China's specific nature" is also under way in the West. It is no accident that relations with France—formerly the fiercest advocate of large-scale sanctions against China over the bloody events in Tiananmen Square—are being normalized this year. The Chinese dissidents taking refuge in France and the United States are now on meager rations after last year's generous charitable donations.

China is not abandoning the reforms and the policy of openness. Jiang Zemin will certainly iterate this to Gorbachev. But at the same time, all the indications are that he will hint that as a matter of priority it is necessary to deal with the economy and to be more cautious about political reforms. Gorbachev has his own concept in this regard, but he will be unable to disagree with his Chinese interlocutor's opinion: Too much depends on stability in the Soviet Union and China for tough measures, when necessary, to be neglected there. Ultimately there is a weighty argument: Last year a record harvest was grown in China and the Soviet Union. But today the Chinese are giving us food aid.

Importance of Ties 'Not Exaggerated'

PM1505120091 Moscow IZVESTIYA in Russian 14 May 91 Union Edition p 4

[Article by Yuriy Tavrovskiy: "USSR-PRC: Real Fruits of Normalization"]

[Text] Jiang Zemin, general secretary of the CPC Central Committee, arrives in Moscow 15 May. This return visit by the Chinese leader is beginning two years to the day after M.S. Gorbachev's visit to the PRC in spring 1989, which took place against the background of the dramatic events in Beijing's Tiananmen Square.

It would be a mistake to look for some kind of symbolism in the coincidence of the dates of the two visits. The Chinese Communists' leader, who by virtue of the CPC's leading role simultaneously holds the post of chairman of the PRC Central Military Commission, is not responsible for the events of the terrible night of 4 June—at that time he was secretary of Shanghai City CPC Committee, and there were no casualties in his city. Jiang Zemin became leader thanks to his reputation as an advocate of compromise and an opponent of hasty decisions. The situation has also eased markedly in Moscow, which a couple of months ago was reminiscent of the first days of the Beijing disturbances. So Gorbachev and Jiang Zemin will have every opportunity to thoroughly analyze the achievements of two years of developing normal interstate relations and to define new landmarks.

Both Moscow and Beijing have reason enough to be pleased with the fruits of normalization. These have surpassed all expectations. The political lexicon has quietly dropped terms that were in current use only two springs ago, such as "hegemonism," "Maoism," "the three great obstacles"... Political dialogue has been established at every level—from the mayors of border cities to delegations of parliamentarians, ministers, and top state and government leaders.

Trade and economic relations are also developing to mutual benefit and satisfaction: Despite the switch from a clearing system to hard currency settlements, a trend has emerged toward the strengthening of old partnership ties and the establishment of new ones between state and regional organizations and individual firms. A "snowball effect" is observable in border trade—hotels in Irkutsk and Harbin, Khabarovsk and Heihe are becoming more and more like staging posts on the Great Silk Road. Bank offices have opened in Beijing and Moscow. Goods and food products from China are helping to alleviate the consumer famine in the Soviet Union, coming in as a result of two credits granted by Beijing each amounting to many hundreds of millions [currency not specified].

But the most striking changes for the better have taken place in the security sphere, the very sphere where the most serious problems arose over the three decades of confrontation between Moscow and Beijing. The promised reduction in Soviet troops in the Far East has been completed, and the troop withdrawal from Mongolia has nearly finished. Talks on border questions are proceeding successfully. Mutual confidence and even sympathy has sprung up between military men from the two countries. Despite the unexpected growth in the military budgets of the USSR and the PRC after several years of steady reduction, neither side has expressed concern.

Maybe the neighbors along this 7,000-km border have crossed each other off their lists of potential enemies, and maybe a part was played by the increasingly frequent contacts between top military leaders, the latest of which was the recent trip to the PRC by USSR Defense Minister D. Yazov.

Western experts have begun to show undisguised curiosity about the details of future deliveries of Soviet military equipment to China, including the most modern combat aircraft. But realism prevails in assessing the prospects for Soviet-Chinese military cooperation, which do not overstep the bounds of what is generally accepted in interstate relations of the usual kind, as distinct from relations between allies.

Increasing attention is also being paid to the links between the Communist Parties of the Soviet Union and China, which have also become more active in recent months. Along with interstate relations, they were normalized only two years ago during M.S. Gorbachev's 16 May 1989 meeting with Deng Xiaoping. Since then contacts between high-ranking leaders and apparatchiks have ceased to be disguised as "talks between friendship society activists," and have become regular and based on genuine confidence. Chinese delegations visiting the USSR are most interested in the degree of CPSU influence centrally and locally and in the future of socialism in the USSR after the abolition of Article 6 of the Constitution. Soviet guests, not without nostalgia, study the experience of the CPC, which still retains all the power functions of the ruling party.

It must be observed that among a section of military and party figures in both countries there are those who support a sharp increase in collaboration. Certain Soviet officials openly approved the Chinese Army's actions to "suppress the counterrevolutionary rebellion" in 1989. To the commanders of the Chinese Armed Forces, which were set up according to Soviet principles and equipped with weapons copied from Soviet models, it may appear only natural to make a "great leap forward" in modernization on the basis of very up-to-date equipment and technology from the USSR, sold, moreover, at accessible prices. In both capitals, people still survive who advocate a return to the Stalin or Mao Zedong model of orthodox socialism and hope for ideological, political, and other assistance from their great neighbor in realizing their dream. They find equally unacceptable the necessary reforms, which they see as the "intrigues of world imperialism," and are prepared once again to shut themselves off from the outside world with "curtains."

Fortunately these dreams of the Moscow and Beijing orthodox are only dreams. The USSR and PRC leaders are firmly following the letter and spirit of the 1989 Soviet-Chinese joint communique, are not about to direct the normalized bilateral relations against the interests of third countries, and do not intend to seek the revival of alliance relations on the model of the fifties. It is hard even to imagine the negative domestic political and international consequences of such an attempt...

That is why stability in the progressive development of Soviet-Chinese relations should be acknowledged to be the main achievement of the two years that have passed since one of the Soviet leader's most fruitful foreign trips. Moscow and Beijing have managed to avoid the "pendulum effect," which can send bilateral relations from one extreme to another at specific intervals of time, so that periods of euphoric "eternal friendship" alternate with hate-filled ideological, political, and military confrontation.

What can be expected from Jiang Zemin's visit? First and foremost, the consolidation of the good tradition of regular Soviet-Chinese meetings at the highest level, which provide the opportunity for a firsthand exchange of information. And both Moscow and Beijing feel the need for such information keenly. The Chinese leaders are interested in the state of Soviet-U.S. relations, the prospects for new steps in the disarmament sphere, and the PRC's place in the future "new world order." Nor is Beijing indifferent to the prospects for our relations with Japan after M.S. Gorbachev's crucial visit. The situation in the Korean peninsula merits a special discussion—after initially outstripping the USSR in the establishment of ties with Seoul, the PRC later allowed itself to be "overtaken" and is now practically measuring like gold dust every little step toward both South and North Korea. The Cambodian problem has yet to be unraveled—Beijing and Moscow have something to talk about on this long-standing regional problem too.

A very delicate matter is the desire of Soviet business circles to establish ties with Taiwan, which recently became the possessor of the biggest gold currency reserves and an important source of credits. In the light of the impressive pace of the development of Soviet-South Korean relations, Beijing is warning Moscow that it could "catch the small fry but lose the big fish." There is clearly a desire to put our links with Taiwan under China's control. And far tougher demands are made on the USSR than on the United States, Japan, the FRG, and other states which recognize the PRC as the only China but maintain "unofficial" political contacts and entirely open trade and economic ties with Taipei.

A topic of mutual interest for talks between the two top leaders and the members of their "teams" will be the domestic political situation in China and the USSR. The Soviet side is bound to be interested in the Chinese experience of reforms, which began seven years earlier and therefore provide an opportunity to create a model of the successes and difficulties that await the Soviet Union: the relationship between political and economic transformations, the creation of "special economic zones," the decollectivization of agriculture, the high price of political stability, the significant reduction in the strength of the armed forces and the successful conversion of military industry... The Chinese guests will doubtless take an interest in the future of the Union. The disintegration of the USSR and the destabilization of the situation in contiguous republics and regions directly

affect the PRC's national security, and the consequences of the ferment in the Central Asian republics are already being felt in Xinjiang...

The significance of good relations between the USSR and the PRC for themselves and for the entire world community can hardly be exaggerated. That must be the starting point in assessing the prospects for and outcome of the official visit to the USSR by CPC Central Committee General Secretary Jiang Zemin.

Ignatenko on Importance of Jiang Zemin Visit

OW1505223491 Moscow Radio Moscow in Mandarin 2200 GMT 14 May 91

[Text] Dear friends: Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission of China, will make an official visit to the Soviet Union today. On the eve of his visit, Soviet Presidential Spokesman Ignatenko briefed our station reporter (Galibov).

When asked about what the Soviet people expect of the Chinese leader's visit, Ignatenko said: This is an important event, far exceeding the limits of our bilateral relations. Today, the situation in the Asia-Pacific region and in the world as a whole is decided to a great degree by the relations between the Soviet Union and China. State and party leaders [of the two countries] will discuss very important issues and comprehensively exchange views on the prospects of development in the Asia-Pacific region. They will discuss economic cooperation and boundary issues between the two countries, as well as relations between the CPSU and the CPC.

On the reduction of armed forces in the Soviet-Chinese border areas, Ignatenko spoke highly of the progresses made in this regard. He pointed out: The successful solution of the border questions between our two countries serves as an example for other countries.

Ignatenko said: Since Gorbachev visited China two years ago, we have put an end to the past and opened up a future in our bilateral relations. Jiang Zemin's current visit will create a new situation in bilateral relations. The Soviet-Chinese summit meeting has become a good tradition and it is very important.

On the relations between the CPSU and the CPC, Ignatenko spoke highly of the present situation of the ties between them. He pointed out: Ivashko, deputy general secretary of the CPSU Central Committee, visited China not long ago; and so did some delegations from the Soviet party organizations at various levels. The prospects for the two parties to develop their relations are good today.

KYODO Says Jet Fighters To Be Given to PRC

OW1605050991 Tokyo KYODO in English 0401 GMT 16 May 91

[Text] Moscow, May 15 KYODO—The Soviet Union has agreed to provide its sophisticated Sukhoy Su-27 fighters to China, a Soviet source said Wednesday.

"The Su-27 fighter is designed to defend the territorial airspace. The transfer will not jeopardize the security of other countries," the source told KYODO News Service.

Soviet instructors will train Chinese pilots to fly the aircraft, whose range, thrust-to-weight ratio, and maneuverability are all greater than those of other Soviet fighters. It is reportedly capable of climbing almost vertically from a horizontal flight position.

The supply of Su-27s to China will be increased gradually from a small number at the initial stage, the source said.

Transfers of Soviet-manufactured military equipment to China have been suspended for more than 30 years.

The latest Sino-Soviet military accord was disclosed on the same day Chinese Communist Party General Secretary Jiang Zemin arrived in Moscow for talks with Soviet President Mikhail Gorbachev.

Jiang is the first Chinese Communist Party head to visit the Soviet Union since Mao Zedong in 1957.

China and the Soviet Union normalized relations during a visit by Gorbachev to Beijing in May 1989 following a three-decade ideological dispute.

Jiang Zemin Arrives for Official Visit

LD1505100791 Moscow TASS International Service in Russian 0900 GMT 15 May 91

[By TASS diplomatic correspondent]

[Text] Moscow, 15 May (TASS)—Jiang Zemin, chairman of the Central Committee of the Communist Party of China and chairman of the PRC Central Military Commission, arrived in the Soviet capital today on an official visit at the invitation of Mikhail Sergeyevich Gorbachev, president of the USSR and general secretary of the CPSU Central Committee.

The Chinese guest was welcomed at Vnukovo Airport by Gennadiy Yanayev, vice president of the USSR; Vladimir Ivashko, deputy general secretary of the CPSU Central Committee; and other state political leaders.

The state flags of the PRC and USSR were flying at the airport. An honor guard of the three branches of the Armed Forces of the USSR was drawn up. The state anthems of both countries were played.

Jiang Zemin and Gennadiy Yanayev inspected the honor guard.

Accompanied by a motorcycle escort, the motorcade set off for the Kremlin. The state flags of the PRC and USSR hang along the streets on the route.

Makes Statement

CM1605121991 Moscow PRAVDA in Russian 16 May 91 Second Edition p 1

[Under the general heading: "Opening a New Page"]

[Text] Jiang Zemin, general secretary of the CPC Central Committee and chairman of the PRC Central Military Council, arrived in Moscow 15 May for an official visit at the invitation of M.S. Gorbachev, president of the USSR and general secretary of the CPSU Central Committee.

It is 34 years since a PRC leader of such rank last visited our country. But this is the second Soviet-Chinese summit meeting in the past two years. The first was in May 1989 during M.S. Gorbachev's visit to the PRC. The time since then has shown convincingly that in following the course of normal development relations between the two countries have become progressive and dynamic and are becoming increasingly firm and multifaceted. Jiang Zemin's present visit is viewed in just such a promising spirit.

The flags of the PRC and the USSR were flying at Vnukovo airport, where Jiang Zemin was greeted by G.I. Yanayev, vice president of the USSR, V.A. Ivashko, deputy general secretary of the CPSU Central Committee, and other officials.

The guest was accorded the honor due to supreme leaders of foreign states. A band played the national anthems of the PRC and the USSR. Jiang Zemin and G.I. Yanayev reviewed an honor guard of the three branches of the USSR Armed Forces on the airfield. The formalities at the airport ended with a ceremonial march by the honor guard.

I am very glad to be in Moscow, paying an official visit to the USSR at the invitation of Comrade M.S. Gorbachev, president of the USSR and general secretary of the CPSU Central Committee—these words begin Jiang Zemin's written statement, which was distributed to journalists at the airport.

As you know, two years ago, on this same day, Comrade M.S. Gorbachev visited China. A summit meeting took place between him and the Chinese leadership, as a result of which the PRC and USSR succeeded in "closing the past and opening the future" and in implementing the normalization of relations both between the two countries and the two parties. Since then our interstate and interparty relations have received steady development and the two countries' cooperation is expanding uninterruptedly in the political, economic, commercial, scientific-technical, cultural and educational, military, and other fields. The aim of my present trip is to further advance the process of normal development of the relations of the two countries and two parties. In the course of the visit, Comrade Gorbachev and I will have a broad exchange of opinions on issues of bilateral relations, the present international situation, and other major international problems of mutual interest.

China is ready to develop normal relations of friendship and cooperation with all countries on the basis of the five principles of peaceful coexistence. China and the Soviet Union are neighboring countries with a common border stretching more than 7,000 km. The traditional friendship between our peoples has its roots in the distant past. There are favorable prospects for the stable and healthy development of the two countries' relations. Relations of good-neighborliness, friendship, and mutually favorable cooperation between China and the Soviet Union, based on the five principles of peaceful coexistence, are not only in keeping with the radical interests of the peoples of both countries, but also play a positive role in the cause of preservation of peace and stability in Asia and throughout the world.

We are profoundly convinced that the present visit will promote the further deepening of mutual understanding between the leaders of the two countries and the two parties and the strengthening of friendship and cooperation between the two peoples.

I want to take this opportunity to convey, on behalf of the Chinese people, deepest respects to the inhabitants of Moscow and the great Soviet people.

Gorbachev Welcomes Jiang in Kremlin

LD1505103491 Moscow TASS in English 1024 GMT 15 May 91

[By TASS diplomatic correspondent]

[Text] Moscow May 15 TASS—Mikhail Gorbachev, president of the USSR and general secretary of the Soviet Communist Party, cordially welcomed Jiang Zemin, general secretary of the Chinese Communist Party's Central Committee and chairman of China's Central Military Council, in a ceremony in the Kremlin's St. George's Hall today.

The two leaders had a brief conversation.

PRC Spokesman Cited on Meeting

LD1505182191 Moscow TASS in English 1747 GMT 15 May 91

[By TASS diplomatic correspondents Igor Peskov and Leonid Timofeyev]

[Text] Moscow May 15 TASS—Soviet President Mikhail Gorbachev and Chinese Communist Party leader Jiang Zemin, who also chairs the Chinese Central Military Council, stressed the importance of normalised relations between the two countries during their meeting today, Chinese Foreign Ministry spokesman Wu Qianmin said here.

He told a briefing that Gorbachev and Jiang "confirmed that the Chinese People's Republic and the USSR will continue to observe the principles set forth in the joint Sino-Soviet communique of May 1989".

Wu, who arrived for the briefing immediately after the Kremlin talks, also revealed that the discussion covered the development of bilateral cooperation in various fields.

He quoted Gorbachev and Jiang as agreeing that "normal relations between the USSR and China, based on mutual respect and equality, meet the interests and aspirations of both countries, help preserve peace and stability in Asia and the Pacific and will not detriment third parties".

Gorbachev and Jiang briefed each other on the situation in their countries. The Chinese leader noted political stability and fast economic growth in his country. He said life has shown that political stability is important to China as without it the nation cannot develop or pursue reform.

Wu said Gorbachev spoke highly of successful reform in China.

Jiang, for his part, expressed confidence that "industrious and sensible peoples living in the USSR will be able to overcome current difficulties in their country", according to the Chinese spokesman.

He said the talks also covered international relations of mutual interest.

Asked about the possibility of the two countries signing an agreement on Soviet arms supplies to China, Wu said that following President Gorbachev's visit to Beijing in May 1989 the two countries have normalised relations and continue to develop them in political, economic, cultural, scientific, technological and military fields.

The Chinese spokesman described military contacts as "a perfectly normal development".

On the agreement on state borders expected to be signed on Thursday, he said the signing attests to substantial progress made in negotiations on border issues owing to mutual understanding and mutual give-and-take.

Wu said that no other documents will be signed during the visit.

He added that its goal is to "close the past and open the future" as well as to promote relations of friendship and cooperation between the two countries on the basis of the five principles of peaceful coexistence.

Wu will hold another briefing here on Thursday.

First-Day Talks Summarized

CM1605122991 Moscow PRAVDA in Russian 16 May 1991 Second Edition pp 1, 5

[Under the general heading: "Opening a New Page"]

[Text] Talks between M.S. Gorbachev, president of the USSR and general secretary of the CPSU Central Committee, and Jiang Zemin, general secretary of the CPO Central Commitee and chairman of the PRC Central Military Commission, started in the Kremlin on 15 May.

From the very beginning the conversation was notable for comradely warmth and mutual amicability, which were outlined as long ago as during their first meeting in Shanghai in May 1989.

The conversation took the form of a natural continuation of the constructive political dialogue that the supreme leaders of the USSR and China started in the Chinese capital two years ago.

Problems of Soviet-Chinese relations, which are being regarded in a wide context of the development of the situation in the current, quickly changing world, were at the center of attention.

M.S. Gorbachev and Jiang Zemin both agree that over a short period of time, by historical standards, these relations have acquired a decent and mutually useful development in all directions. Their conformity to the interests of our states and peoples and generally accepted principles of international relations were fully displayed. An atmosphere of confidence and respect toward each other's positions and views is becoming more and more characteristic for ties and contacts at the most varied levels.

M.S. Gorbachev informed Jiang about the situation in the USSR and the measures being taken by the Soviet leadership in continuation of the course of reforms. Despite the whole complexity of the problems facing the country at the most difficult, extreme stage of perestroyka, there is a basis for their solution. In the first place is in an ever-widening understanding of the necessity for civil concord in the interests of all social groups and strata of the people.

Jiang Zemin, in his turn, talked about the ways of continuing reforms in China, modernizing the country's economy, and deepening the way toward openess to the outside world. The Chinese leadership considers the main guarantee of success on this complicated path to be maintaining a stable situation and ensuring the socialist direction of the transformations under way, which not only does not exclude, but even presupposes, flexibility and variety of specific forms of economic life and management.

It was also noted that despite a similiarity of the common goals of renewal in conditions of different

initial levels of transformations and the specific characters of our countries, differences in the ways and methods of conducting reforms within the framework of socialist choice are natural.

M.S. Gorbachev expressed the idea that with the serious reduction of the threat of nuclear conflict which became possible as a result of the policy of new thinking, the process of establishing a new, nonconfrontational world order demands the participation of all the world's states.

The talks in which Foreign Ministers A.A. Bessmertnykh and Qian Qichen are participating will be continued.

Gorbachev Hosts Dinner

LD1505182691 Moscow TASS in English 1815 GMT 15 May 91

[Text] Moscow May 15 TASS—A dinner in honour of Chinese Communist Party leader Jiang Zemin was today given at the Grand Kremlin Palace on behalf of Soviet President and Soviet Communist Party leader Mikhail Gorbachev.

On the Soviet side, the dinner was attended by Gennadiy Yanayev, Anatoliy Lukyanov, Valentin Pavlov, Vladimir Ivashko, Raisa Gorbacheva and other officials. on the Chinese side, officials accompanying Jiang Zemin during his visit.

The Soviet and Chinese leaders exchanged speeches at the dinner.

Leaders Give Dinner Speeches

CM1605122791 Moscow PRAVDA In Russian 16 May 91 Second Edition p 5

[TASS report: "Opening a New Page"]

[Text]

Speech By M.S. Gorbachev

Esteemed Comrade Jiang Zemin! Dear Chinese guests! Comrades! First of all permit me to warmly and cordially welcome to Moscow Comrade Jiang Zemin, general secretary of the CPC Central Committee and chairman of the PRC Central Military Commission, and all Chinese friends.

This May is the second anniversary of the memorable Soviet-Chinese meetings in Beijing and Shanghai. As Comrade Deng Xiaoping figuratively put it, these meetings enabled "the past to be closed and the future to be opened" in relations between our two great countries. The seeds that were sown at that time for mutual amicability and trust have put forth good shoots. There are all the grounds to say that the new Soviet-Chinese mutual relations, thanks to joint efforts, have successfully passed their "test period," if one can put it that way, and are already bearing weighty and useful fruits.

This is natural because the principles of cooperation which we take as the basis meet, as confirmed by life, the fundamental interests of our countries and the entire world community.

Our conversation with Comrade Jiang Zemin today, which was thorough and very rich in content, showed that both sides note with satisfaction the significant progress in the development of Soviet-Chinese ties. A full-format political dialogue is proceeding successfully. This includes both personal meetings and exchanges of messages at high levels as well as visits by ministers and members of parliament. It also includes contacts between scientists and cultural figures and public representatives. Ties between the CPSU and the CPC have resumed on a new basis.

I think that not only is the broad range of dialogue important; its tone is of great significance, as is its inherent openness and respect for each others' interests, views, and customs. I am convinced that the current meetings will make it possible to reinforce and multiply the undoubted achievements of Soviet-Chinese cooperation.

In removing many years of obstructive mutual suspicion, we broke through together to pure sources of mutual understanding and liking that are deeply rooted in the history and the very character of our peoples. We also have been able to lean on that which is best in our ties, which was laid down jointly in the 1950's—incidentally, with the personal participation of our lofty and much-respected guest, Comrade Jiang Zemin, who in those years worked at the plant named after Likhachev. Now our countries have taken the course of building "an open economy" and taking an active part in the world economy.

I think that all that is new that has appeared in our cooperation—the direct economic ties between regions, industrial sectors, and enterprises; the joint research in the most up-to-date directions in science and technology; the first mixed companies—all this, considering the potential of both states, may, given mutual interest, receive very positive development in the future. There is a firm foundation for this—mutual advantageousness, the complimentary nature of the economies, and, in the current complicated period, comradely mutual assistance as well.

And naturally, of immense value is the opportunity acquired again by the peoples of the Soviet Union and China to see the face of their neighbor more closely, to get to know one another better, to come into contact with the wealth of each country's civilization, and to establish direct human contacts. Such relations provide yet another important dimension—mutual enrichment with the experience of reforms and perestroyka, comparison of the problems that arise, and the methods of resolving them.

In spite of all the objective differences, the problems are in many ways similar. It seems to me that the "super

task" facing our countries coincides: taking into account world experience without losing their own supreme national values and cultural originality and to modernize society, its economy, and the state in the interests of the working people, of the whole people.

The turns and changes on such a large scale in such huge multinational countries as China and the Soviet Union, and particularly in our stormy present-day world, are an exceptionally crucial matter. The processes of the renewal of socialism—and we are supporters of it—can be successful if, while remaining revolutionary in essence, they are implemented by constructive, I would say evolutionary, methods. For both we and you, respected Chinese comrades, know all too well what the attempts to change a huge country all at once by means of "great changes" or "big leaps" are fraught with.

Our attitude to the PRC leadership's efforts to construct socialism with Chinese characteristics is one of understanding. We value highly your support for perestroyka in the Soviet Union.

The maintenance of social and political stability, in our conviction, is the necessary condition for the success of profound reforms. Stability is exceptionally important just now in international affairs, as well. Of course, this is not a matter of denying the spectrum of colors and dynamism of life in all its variety. No, I am talking about the predictability of changes, the necessity of a universal concern about preserving an as yet fragile peace and the careful consolidation of the positive tendencies which allow mankind to set foot on the threshold of the 21st century with confidence and optimism.

As the experience of recent months shows, the halting of the global "cold war" does not mean the appearance of a new world order overnight. In modern world development, just as when the ice breaks up and the rivers flood, whirlpools appear as well which often reveal hidden dangers and at times obstructions arise and there is even movement backwards. And the most reliable, safe approach to the goal can be ensured along the paths of mutual understanding and agreement between a wide circle of states.

And here as well it seems to me that Soviet-Chinese relations play their particular, irreplaceable role.

Their new, modern development is not directed against third countries. On the contrary, trust and open cooperation between our states are becoming durable supports of stability, security, and development in Asia and the world as a whole.

I believe that the talks between our countries on the mutual reduction of armed forces and the strengthening of confidence in the military sphere in the Soviet-Chinese border area are having a positive affect on world processes, this being perhaps a in the Asian-Pacific region. Our common goal is the mutual reduction of armed forces to the minimum level corresponding with truly good-neighborly relations.

Tangible progress also has been achieved in the matter of a border settlement. As a result, the Soviet-Chinese border—and this is 7,500 km long—is becoming a belt of peace and tranquillity. It is understandable how important this is for our countries and peoples and for the entire region.

In a word, not a single country in Asia has suffered because of the normalization of Soviet-Chinese relations. On the contrary, everyone has gained, and not only in Asia. The mutual understanding between the Soviet Union and China is of global significance for removing the hotbeds of tension on the planet.

After all, the USSR and the PRC, as permanent members of the UN Security Council, bear a special responsibility for maintaining international peace. Cooperation in this field, as the recent events in the Middle East have demonstrated, serve the strengthening of the United Nations' beneficial role in the life of the entire world community.

Esteemed Comrade Jiang Zemin, I think today we can register with satisfaction that in the leadership of our countries a thorough understanding of the intrinsic value of Soviet-Chinese relations has come about. They are not some kind of a card in a geopolitical game. No! Current Soviet-Chinese relations are an important constant of internatioanl stability. The Soviet Union and China—of course, each in its own way and totally freely—are contributing to active and fruitful international cooperation in all areas.

Tomorrow we will continue the talks with Comrade Jiang Zemin. I am confident that the current visit by the high-level Chinese guest will be crowned with success and will open up a new page in relations between the USSR and the PRC.

I propose a toast.

To good-neighborliness, cooperation, and friendship among the peoples of the Soviet Union and the Chinese People's Republic!

To the health of Comrade Jiang Zemin and of all Chinese comrades!

Speech By Jiang Zemin

Esteemed Comrade M.S. Gorbachev! Esteemed comrades and friends!

At this time two years ago, Comrade Gorbachev paid a visit to China and held an historic summit with Comrade Deng Xiaoping, as a result of which the comprehensive normalization of Sino-Soviet relations took place. And on this memorable day, I arrived in the USSR—where I have not been for many years—at the invitation of Comrade Gorbachev in order to exchange opinions on quesitons of interest to both sides, to discuss together the prospects for the development of Sino-Soviet relations, and to meet with other Soviet leaders and many old friends of the Chinese people. And I am

extremely glad of this. I would like to express cordial thanks for such a ceremonial reception. Allow me also to avail myself of the occasion to convey to the Soviet people warmest greetings from the Chinese people.

China and the Soviet Union are close neighbors, united by mountains and rivers. Over many years the peoples of our two countries lived in mutual undersanding, lent each other support, and established deep friendship. And although the development of Sino-Soviet relations has not always been smooth sailing, the Chinese people have never forgotten the feeling of friendship the Soviet people have for the Chinese people. Sino-Soviet relations have begun finally to develop healthily through the efforts of both our sides. Both our sides feel satisfaction and happiness at the stable development over the past two years of Sino-Soviet relations in the sphere of politics, economics, science and technology, culture and education, military affairs, and also at the continuous expansion of contacts and ties between the communist parties of both countries.

Looking back at the past today, we feel even more the importance of mutual understanding and cherish even more the normalization of Sino-Soviet relations, which were formed with such difficulty. We think China and the Soviet Union have huge potential and broad prospects for even deeper communication and cooperation in all spheres. The normal development of Sino-Soviet relations not only meets the general aspirations and fundamental interests of the peoples of both countries but also furthers peace and stability in Asia and the Pacific region and the improvement of international relations as a whole. Just international public opinion has assessed that in a positive way.

Comrades! Friends! Over 40 years have passed already since the birth of new China. Decades of practical construction have made us feel deeply that only socialism can save and develop China and that the matter of economic construction should be put in first place in the course of construction.

It is necessary, adhering to a correct political orientation and preserving stability and unity, to implement the reform with all seriousness. The reform is a process of self-improvement and development of the socialist system. In order to fully develop the advantages of socialism, its aim is to stimulate the development of production forces, to give impetus to global progress of society, and gradually to raise the people's living standards. The construction of socialist modernization is a long and extremely difficult task. The peoples of our country, under the leadership of the CPC, have attained the strategic aim of the first stage by wholehearted efforts in self-sacrificing struggle. Economic power has grown, the people's life has improved, and a political situation of stability and unity is being constantly strengthened. The recent fourth session of the Seventh NPC [National People's Congress] approved the main provisions of the long-term plan for the national economic and social development for 10 years and the Eighth Five-Year Plan and defined the strategic aim of the second stage: over the last decade of this century, to quadruple the GNP as compared with 1980. Following the socialist way, we will continue to implement the reform and widen external relations; stimulate the continuous, stable, and harmonious development of the national economy; perfect socialist democracy and law and order; and devote ourselves to creating spiritual culture. On the way forward, various difficulties and problems will arise; but the Chinese people are unshakeable in their resoluteness to build socialism with a special Chinese character.

The Chinese people profoundly honor the work begun by Lenin, and intently watch the development of the first socialist state. Involved in creative labor and bearing collosal sacrifices, the Soviet people over the last 70 years or so have made a significant contribution to the work of socialism and the treasure of world civilization. The Chinese people have found inspiration and support in this. As true friends of the Soviet people, we with all our heart would like the work of socialism in the Soviet Union to advance, the state to be united, society to be stable, the economy to be prosperous, and the people to be happy. The Soviet people are a great people. The Soviet Union has rich resources, and a powerful scientific-technical and industrial basis. We are convinced that the Soviet people will continue to make their contribution for the good of the world and development.

Comrades, friends!

Over recent years there have been many major changes in the international situation. Military confrontation has weakened somewhat. Advances in arms control talks, including the talks on nuclear arms, are being held. Prospects for the political settlement of the problems of some hotpoints have appeared. All this is to be welcomed. A fundamental improvement in international relations has not occured, however. There still exist hegemony and the politics of strength. The gap between the poor South and rich North continues to grow.

Certain political, economic, and ethnic contradictions that have long existed in covert form are gradually coming to the surface and becoming exacerbated, leading to fresh regional conflicts. The world is still a very uneasy place. The encouragement of an improvement in international relations and the creation of a just and sensible new world order have become a vital task for governments and peoples in different countries.

The issue of a new world order is being widely discussed in the world right now. The creation of a new international political and economic order is a labor-intensive process. Under this new order, the affairs of the people of a particular country are decided by the people of that particular country themselves; no foreign state must interfere in the internal affairs of other countries. All countries, large or small, rich or poor, have equal rights. World affairs are decided on the basis of the principles of accord among countries. The new order should be built on the principles of mutual respect for sovereignty and

territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality of rights, mutual advantage, and peaceful coexistence. That is because these principles are in line with the objectives of the UN Charter. They have stood the test of time, and have received widespread recognition from the international community. The Chinese nation loves peace. More than 2,000 years ago one of our thinkers in the age of the "warring kingdoms" came out with the principles that "the strong should not give orders to the weak" and "the rich should not offend the poor." To pursue construction and reform, China needs a stable and peaceful international situation over the long term. We, together with the Soviet Union and other countries in the world, are prepared to bend our efforts to make a contribution to the creation of a just and sensible new international order.

The world needs peace, society needs development, and the people need friendship. This, as we see it, has already become an invincible historical tendency. China will invariably adhere to an independent peaceful foreign policy of its own, will do everything to defend peace in the world, and will maintain and develop relations of friendship and cooperation with foreign countries. China is situated in the region of Asia and the Pacific, and attentively looks after security and stability in the region. China is prepared to establish friendly good-neighborly relations with the countries of the Asian-Pacific region, and to stimulate joint development and prosperity.

Comrades! Friends!

My colleagues and myself have brought the Chinese people's friendship to the Soviet Union, and we will take back with us the Soviet people's friendship. We believe that this meeting of Chinese and Soviet leaders will deepen understanding, friendship, and cooperation between our two countries and peoples.

I propose a toast:

To the evergreen tree of friendship between the Chinese and Soviet peoples;
To successful development of relations between two countries—the PRC and the USSR, between two Communist Parties;
To the happiness of the peoples of the Soviet Union
To peace in the whole world;
To the health of Comrade M.S. Gorbachev and of all the comrades and friends who are present here.

The dinner passed in a warm and friendly atmosphere.

PRC Reportage of Jiang Zemin Visit

WA1505163691

For PRC reportage on PRC Communist Party General Secretary Jiang Zemin's visit to Moscow see the Soviet Union section of the 15 May China DAILY REPORT and subsequent issues.

Soviet Consulate General Opened in Shenyang

PM1505110991 Moscow IZVESTIYA in Russian 15 May 91 Union Edition p 6

[Unattributed report: "Consulate General Opens"]

[Text] The official opening ceremony of the USSR Consulate General set up on the basis of the agreement between the Soviet and Chinese Governments to exchange consular institutions in Shenyang and Khabarovsk has been held in Shenyang (PRC). Deputy Foreign Minister B.N. Chaplin took part in the ceremony on the Soviet side.

Northeast Asia

Nuclear Safety Technology Transfer Expected

LD1405171591 Moscow TASS in English 1206 GMT 14 May 91

[By TASS correspondent Vyacheslav Bantin]

[Text] Tokyo, May 14 TASS—An agreement to grant nuclear power station safety control technology to the Soviet Union is expected at the London meeting of leaders of the seven industrial countries next July, the newspaper SANKEI SHIMBUN reports with reference to Japanese governmental sources.

The threat of serious accidents at nuclear power stations, like the one that occurred in Chernobyl in 1986, remains real, notwithstanding the progress achieved in nuclear power engineering and the perfection of nuclear power plant equipment. It is therefore important to enhance the efficiency of nuclear power plant safety control.

Western countries, which have the most advanced equipment in this field, plan to grant the Soviet Union up-to-date technologies to control the safety at nuclear power plants, prevent new large-scale nuclear accidents in our country and protect the world environment, the newspaper reports.

If the G-7 leaders agree to grant such technology, the newspaper notes, Japan will actively seek to broaden cooperation with the Soviet Union in nuclear power engineering.

The USSR is the world's third nuclear power producing nation, after the United States and France, the newspaper notes.

Protocol on Technology Exchange Signed With ROK

LD1405204891 Moscow TASS in English 1556 GMT 14 May 91

[By TASS correspondent Aleksandr Kopnov]

[Text] Tokyo, May 14 TASS—The protocol on exchanging technologies between the USSR and South Korea aims to move Soviet scientific and technological

know-how to the South Korean market and exchange information on intellectual property.

The protocol was signed in Seoul today by Kim Chul-soo, executive of the Korean Agency for Industrial Property, and Yuriy Bespalov, chairman of the State Committee for Inventions and Discoveries at the State Committee of the USSR for Science and Technology, now visiting Seoul.

During negotiations, the Soviet delegation offered the South Korean side 767 patented Soviet technologies in information technologies and telecommunications, the chemical and petrochemical industries, machine-building and the light industry, YONHAP news agency reports.

The sides agreed that a group of South Korean experts, consisting of representatives of the government and of private firms, will shortly visit the Soviet Union for a more detailed study of advanced Soviet technologies with a view to purchasing them.

The Korean Agency for Industrial Property and the USSR State Committee for Inventions and Discoveries reached an agreement on the development and implementation of a programme to exchange specialists in patenting to upgrade their qualifications. In addition, the sides agreed to cooperate in international undertakings conducted by the World Intellectual Property Organisation (WIDO).

South Korean companies have long been interested in obtaining Soviet technologies to help modernise the country's economy and enhance the competitiveness of its goods on the world market, YONHAP news agency reports. They recently became less competitive because labour productivity is falling off in South Korea.

The Soviet Union, in turn, is interested in commercial uses of its scientific know-how that has not been applied in the USSR because of the shortage of funds and the lack of suitable technological bases in industry.

ROK Assembly Speaker Views Bilateral Relations

LD1405201991 Moscow TASS International Service in Russian 1155 GMT 14 May 91

[By TASS correspondents Oleg Polovko and Vasiliy Titov]

[Text] Moscow, 14 May (TASS)—"Our visit to the USSR represents an important step along the path of broadening the relations between the ROK and the Soviet Union, which for decades have had almost no ties at all," Pak Chun-kyu, speaker of the ROK National Assembly, stated in an interview with a TASS Correspondent today. Pak Chun-kyu is leading a delegation of South Korean legislators on a visit to Moscow at the invitation of the USSR Supreme Soviet.

Having noted that during the past 10 months there have been three meetings between the presidents of the two countries, Pak Chun-kyu emphasized that the visit was essential to "make concrete" all the details of the accords reached during the summit meetings. The National Assembly delegation was received by USSR President Mikhail Gorbachev, and there was a meeting with USSR Supreme Soviet Chairman Anatoliy Lukyanov. Questions of bilateral relations were discussed and an accord was reached on an exchange of legislative delegations.

The National Assembly speaker stated that the sides had agreed to set up a friendship society between the legistures of the two countries. This, in his view, will facilitate the creation of a "firm legislative basis" for the further development of Korean-Soviet relations. According to him, the society is headed on the Korean side by Kim Chong-ho, the leader of the legislative group of the ruling Democratic Liberal party.

In Pak Chun-kyu's view, the prospects for Korean-Soviet cooperation are good. He considers that the USSR, which has considerable natural resources, and the ROK, which has state-of-the-art technology, can "facilitate successful mutual development". With an eye to a broad range of cooperation in various fields, the National Assembly speaker stated that "there are no barriers between our countries, nor should there be any at all".

Pak Chun-kyu said that after the meeting between ROK President No Tae-u and Mikhail Gorbachev on Cheju island the Soviet leader's rating among the South Korean population grew to 70 percent. This he described as weighty support by the South Koreans for the USSR's foreign policy course. The National Assembly speaker noted that "the positions of the ROK and the USSR concerning the present and the future coincide" and this is to a large extent thanks to the fact that many political leaders, including Mikhail Gorbachev and No Tae-u "are thinking in the same direction—how to preserve peace on earth".

Commentator Reviews Relations With ROK

SK1505051391 Moscow Radio Moscow in Korean 1200 GMT 14 May 91

[From the "Focus on Asia" Program]

[Text] A ROK legislative delegation led by Pak Chun-kyu, speaker of the ROK National Assembly, is in Moscow now for a visit to the USSR. The delegation met Soviet President Gorbachev. The delegation also met Lukyanov, chairman of the Supreme Soviet of the USSR.

The developement of Soviet-ROK relations seems to maintain the good speed which has been deepened since the relations between the two countries was completely normalized last year.

In this connection, station commentator Aleksey Kondratyev writes: Indeed, the ties between the two countries are briskly developing today. We can see this from the fact that three rounds of Soviet-ROK summit talks

were held in recent 10 months. In the conversation with ROK national assemblymen President Gorbachev paid attention to the rapid progress in the relations between the two countries. In particular, he said that the Soviet-ROK relations organically accord with the overall situation of Asia and the Pacific in which a new principle of relationship is being established. This is based on mutual respect, (?joint) security, and (?promotion) of interests of all countries in Asia and the Pacific.

What should be particularly stressed is that the development of Soviet-ROK relations does not hinder the interests of other countries, including the DPRK. For instance, does the agreement between Moscow and Seoul hinder the situation of North and South Korea? I do not think so. I think that [words indistinct] on the Korean Peninsula and, thus, can create the conditions under which Koreans themselves can solve the Korean question. In addition to this, the Soviet leadership has stressed on many occasions that the Soviet Union will maintain close relations with the DPRK in the future, too.

Seoul has also understood such a plan of the Soviet Union. [passage indistinct]

As indicated by the Soviet president in the meeting with ROK national assemblymen, relations between the two countries have good prospects in all aspects.

DPRK Lumber Workers Attack Customs Official

PM1505133591 Moscow IZVESTIYA in Russian 15 May 91 Union Edition p 8

[Correspondent B. Reznik report: "Attack on Customs House"]

[Text] Khabarovsk—It happened in the settlement of Sogda, Verkhnebureinskiy Rayon, where DPRK citizens are engaged in lumbering operations under an intergovernmental agreement. Freightcars containing the lumbermen's personal effects were being readied for dispatch to Korea at the local customs post. Customs officials V. Onishchenko and Yu. Khromchenko inspected the freight and, finding no violations, sealed the cars.

The train was already on its way when Onishchenko discovered that DPRK citizens had opened the cars during the night and loaded extra freight. They caught up with the train at Bira station. Customs inspectors established that the smugglers had used an arc welder to cut through the upper reinforcement of the doors and replaced it without breaking the seal. The freight in the cars had increased considerably. They discovered 13 motorcycles, almost half a tonne of rice, canned meat, flour, sugar, pasta... in 52 new containers.

The customs officials made out a deposition on the incident and had the boxes containing the contraband goods placed in safekeeping in their own depot. But then interpreter Kim Ren Il [name as transliterated] paid them a visit and suggested that they "come to an agreement," promising each of them 4,000 rubles [R] initially and then R5,000 as a bribe. V. Onishchenko and Yu. Khromchenko rejected these offers.

Onishchenko was in the customs post recreation room when the interpreter again approached him, but this time accompanied by three fellow-citizens. The inspector was again offered a bribe. He demanded that the uninvited visitors immediately leave the premises. Kim Ren Il then struck Onishchenko on the face and threatened to kill his family. The hooligan dashed outside and asked two other DPRK workers who were nearby for help. Around 20 Korean citizens wielding axes, crowbars, and sticks burst into the customs building. They twisted Onishchenko's arms, dragged him outside, and demanded that he not file documents on the contraband, threatening him with violence. The inspector managed to wrest himself free and fled. When he returned to the customs building, he saw his dog, which had been killed by the Koreans, at the entrance and discovered R3,000 tossed onto a table.

The administration of the DPRK lumber operation office in the USSR has done its utmost to hush up the provocation committed by Korean citizens and to protect the culprits from punishment. Why are our Soviet laws, which everyone, including foreigners, has to obey on USSR territory, not working?

Near East & South Asia

Bessmertnykh, 'Arafat Note 'Positive' Talks

LD1505125991 Moscow TASS in English 1226 GMT 15 May 91

[By TASS correspondents Boris Shabayev and Georgiy Shmelev]

[Text] Geneva May 15 TASS—A meeting between Foreign Minister Aleksandr Bessmertnykh and chairman of the Palestine Liberation Organisation's Executive Committee Yasir 'Arafat ended here tonight. The sides focused their attention on the Palestinian issue, which holds centre place in the Arab-Israeli conflict. The Palestinian negotiators stressed that they regarded the joint Soviet-American efforts to settle the Middle East problem as a reassuring factor.

"Our negotiations were warm and positive as always," 'Arafat said immediately after the meeting with the Soviet foreign minister. He particularly noted the strength of the tried and tested Soviet- Palestinian relations. 'Arafat expressed profound gratitude to the Soviet Union for its consistent support to the just Palestinian cause.

Replying to correspondents after the meeting, Bessmertnykh noted that the talks focused on ways to "find the most productive means to ensure the national interests of the Palestinian people". Bessmertnykh said that now this search is being conducted in conditions of increasing

oportunities and new chances. "The talk," he stressed, "was very much to the point and extremely useful".

The sides agreed to continue active contacts between Palestinians and the Soviet Union.

'Historic Opportunity' Seen for Mideast Peace

PM1605073991 Moscow IZVESTIYA in Russian 16 May 91 Union Edition p 4

[Interview with Foreign Minister Aleksandr Bessmertnykh by correspondent M. Kozhevnikov in Damascus; date not given: "A. Bessmertnykh: Progress, Albeit Slow"]

[Text] Soviet Foreign Minister A. Bessmertnykh's tour of Near East countries ended Tuesday where it had begun a few days previously—in Damascus.

The repeat visit to the Syrian capital had not been planned and was a kind of surprise. Why was it necessary? I put that question to Aleksandr Bessmertnykh immediately after his arrival in Damascus from Riyadh.

[Bessmertnykh] I considered it expedient to return to Syria to exchange views with its leaders about the results of the talks held during the trip. Friendly Syria is a key country in the Arab-Israeli conflict; therefore, we always attach particular importance to our consultations in Damascus on questions of a Near East settlement.

[Kozhevnikov] Have the main obstacles to peace in the region been overcome, or are there still some acute contradictions?

[Bessmertnykh] Hope is growing—that is how I would sum up my impressions of my meetings and talks in Near East capitals. Essentially all countries now advocate making a start on a peace conference; however, there are still certain problems to be "cleared up." So we are continuing our work.

[Kozhevnikov] Nonetheless, is it now possible to talk about some progress regarding a settlement?

[Bessmertnykh] There has been some slow progress, and we are headed in the right direction. In our view, the main efforts should currently be focused on ensuring that this kick-started process does not grind to a halt. As for the Soviet Union's fundamental position, it remains unchanged. We are convinced that a Near East settlement should be comprehensive and take account of the interests of all sides involved in the conflict.

[Kozhevnikov] During your tour of the Near East you met with U.S. Secretary of State J. Baker. By all accounts, the USSR and the United States have decided to step up their joint efforts aimed at eliminating the Arab-Israeli conflict: Is that correct?

[Bessmertnykh] Yes, to a certain extent it is a question of agreed actions being undertaken by the two countries. The main parties to the conflict are not being kept out of this process, of course, nor are other states outside the region—the Western European states, for instance. It seems to us that there is now a historic opportunity to secure peace in the Near East, and we must strive not to miss that opportunity.

Bessmertnykh on Key Soviet Role in Mideast Peace

LD1505224191 Moscow TASS in English 2158 GMT 15 May 91

[By TASS legislative correspondent Georgiy Shmelev]

[Text] Moscow May 15 TASS— The Soviet Union has entered "an active phase" of a solution to the the Middle East problem. We believe that a real chance to resolve the problem has presented itself and it must not be missed, Soviet Foreign Minister Aleksandr Bessmertnykh told Soviet journalists, who covered his visit to Middle East countries, on board a home-bound plane.

There turned out to be many more complexities in this work than was previously expected but results are also noticeable, he said. One can say in this respect that actually all countries of the region have been roused to action, although in varying degree, but all began to speak about a search for peace in the region, Bessmertnykh said.

There have also appeared the multi-dimensionality of approaches to the problem, he added.

"I would like to emphasise," he said, "that practically everyone comes out in favour of an active role of the Soviet Union in the region. This is what the leaders of Saudi Arabia, Jordan, Egypt, Syria, Israel, and the Palestine Liberation Organisation told me. The role of the USSR is universally recognised."

The recognition of U.N. Security Council Resolutions 242 and 338 as an "international legal basis" for a settlement appears as extremely important, Bessmertnykh said.

A special group has been set up in the Soviet Foreign Ministry to tackle all issues connected with the Middle East peace process, the minister said.

Bessmertnykh also noted that during his Middle East tour much had been said about the convocation of a peace conference, its format, and participation of Palestinians (a venue and date for the conference were not discussed, though).

The minister said that there are now three variants for Palestinians' participation: as an independent delegation, as part of an all-Arab delegation, and as part of a Jordanian-Palestinian delegation. The Soviet Union will support any decision that will be taken on the issue and that will suit the Palestinians themselves, he stressed.

Talks with the leaders of Middle East countries were absolutely necessary, the minister said. Without personal acquaintance, the knowledge of the situation on the spot,

it is simply impossible nowadays to tackle the complex problems of the region, since everything is seen from the offices of Moscow or Washington not so all-embracingly.

Bessmertnykh Returns to Moscow From Middle East

LD1505113691 Moscow TASS International Service in Russian 1110 GMT 15 May 91

[By TASS correspondent Georgiy Shmelov]

[Text] Moscow, 15 May (TASS)—USSR Foreign Affairs Minister Aleksandr Bessmertnykh returned to the capital today from his trip to Near East countries.

He visited Syria, Jordan, Israel, Egypt, Saudi Arabia, and also made a brief stopover in Geneva, where he met with Yasir 'Arafat, chairman of the PLO Executive Committee. In Cairo, the Soviet minister twice met with U.S. Secretary of State James Baker. The agenda of the Soviet minister's talks included questions of a Near East settlement, a search for approaches toward convening a peace conference on the Near East and discussion of a range of bilateral relations.

Bessmertnykh's Near East Mission Evaluated

PM1505200191 Moscow Izvestiya in Russian 16 May 91 Union Edition pp 1,4

[Report by V. Skosyrev: "On a Knife Edge: On Foreign Minister A. Bessmertnykh's Trip to the Near East"]

[Text] Any politician who acts as intermediary in the Arab-Israeli conflict deserves sympathy. After all, he is automatically between Scylla and Charybdis, as it were—that is, between the categorical demands from the arabs for the liberation of all the occupied lands and the equally categorical confidence of the israelis that such a step would be fatally dangerous for their state.

That is the reality, whether people like it or not. In the wake of U.S. Secretary of State J. Baker our Foreign Minister A. Bessmertnykh has encountered this reality too. It is unusually difficult to disentangle the mass of mutual contradictions and enmity. That is why, if an intermediary succeeds in achieving perhaps small but obvious progress in the positions of the opposing sides, this can be seen as a diplomatic success.

Unfortunately, the results of the talks held by the soviet minister and by the U.S. Secretary of State in the Near East, despite the optimistic tone of their statements, do not allow us to talk about unconditional success. The prospects for convening a peace conference continue to be vague. Unless a miracle happens and J. Baker, who has arrived in Jerusalem again, succeeds in talking the Israelis round at the last moment, the differences between the two key participants in the proposed conference—Israel and Syria—will remain very considerable.

What is the gist of the differences? Syria is insisting that the conference be held with UN participation and discuss substantive issues at its sessions. But Israel wants the conference to meet in full session just once only, and—most importantly—will not even countenance UN participation. Tel Aviv explains its opposition to the world organization by the United Nations' anti-Israeli sentiment, citing as an example the long-standing general assembly resolution that called Zionism a form of racism.

There are also other differences pertaining to the procedure for convening a conference between the Arab states and Israel. But the ramifications are as follows: the Arabs, quite justifiably, are striving to carry out the UN resolutions envisaging the return of the occupied territories in exchange for peace; while israel, at least in the shape of the Y. Shamir government, rejects this principle.

Since no clear progress toward a peaceful settlement has been achieved, we are entitled to ask whether our minister's trip to the Near East was actually worthwhile. It was, if only because the USSR has once again shown its face in the region and demonstrated an active interest in its affairs. There is an acute need for this. The fact is that, following our failed attempts to avert war in the Gulf, considerable doubts about the consistency of soviet policy have arisen in the West—particularly across the ocean—and in the Arab East.

And if the U.S. press has been accusing us of conniving with the Iraqi aggressor and has claimed that we want to get our client out of trouble, the Arab states which were on Baghdad's side have been expressing their dissatisfaction for the opposite reason. They are disappointed that we are being "weak" and not opposing the Americans.

A. Bessmertnykh's trip could not, of course, dispel these sentiments, which are widespread among the Arabs. But at least the Arabs now have a better idea of where we stand and what can be expected of us.

One other key point: Suppose that Bessmertnykh and Baker had been simultaneously traveling around the Near East four years ago. Commentators at the time would probably have tried to work out who had scored more points in the race between the two rivals. Today the picture is different. Baker's fourth tour of the region this year and Bessmertnykh's first were marked by collaboration between the two powers. This was shown not only by the consultations between the two ministers in Kislovodsk and Cairo, but also by the fact that it was the United States which advocated that the USSR be cochairman of the peace conference.

It would be naive to see this as Washington being concerned to maintain our international standing. There is a far more prosaic reason: The United States realizes that, despite the victory for U.S. weaponry, it will not be able to carry the burden in isolation without Soviet participation. After all, even given the fact that our

power has been weakened by domestic strife, the Arabs continue to see us as a counterweight to the U.S.-Israeli alliance.

Admittedly, the press in Jordan, Lebanon, and certain other Arab countries sharply attacked our minister for visiting Israel. But I think that this criticism is based more on emotion than on sober analysis. After All, it is surely clear that to participate on equal terms with the United States in the peace process, the USSR has to be in continual contact with both sides, not just the Arabs.

In this respect it would be natural to expect that A. Bessmertnykh's trip to Jerusalem would mark the restoration of Soviet-Israeli diplomatic relations; however, Moscow has not taken this step. Why not? There could be many explanations for this. It strikes me that the finger of suspicion should be pointed at the Israeli Government, which, although it has a greater interest in diplomatic relations than the USSR, has nonetheless not made the resolution of the task any easier for us, and has actually made it harder. First, on the eve of our minister's arrival, Y. Shamir stated that the USSR could only be a cochairman of the conference if it restored diplomatic relations with his country. Second, Tel Aviv pointedly embarked on building new settlements in the occupied territories.

During the final phase of his trip, A. Bessmertnykh met with PLO leader Y. 'Arafat. There is nothing strange about the actual fact of the meeting. Ultimately, without the Palestinians a peace conference is impossible. The question, however, is who will represent them there. Whereas we used to ritually repeat the formula that the PLO is the sole legitimate representative of the Palestinian people, today this formula is unsuitable. To paraphrase Napoleon, it can be said that the PLO leadership during the Gulf crisis committed something worse than a crime—it made a mistake by supporting Saddam Husayn. As a result, the PLO's international reputation has been undermined and the position of the Palestinians on the West Bank and the Gaza strip has become simply desperate.

Under such circumstances it would be shortsighted for us to rely exclusively on the PLO, as we have in the past. Of course, neither Israel, the great powers, or the Arab states are entitled to decide who will represent the Palestinians. This can only be decided by the Palestinian people themselves, but the PLO leadership has received no such mandate from them.

Political & Social

Cabinet Session on Anticrisis Program Described

OW1605092091 Moscow INTERFAX in English 0930 GMT 15 May 91

[Text] The USSR Government convened for a session chaired by President Gorbachev in the Kremlin on Wednesday to discuss a draft program for joint actions by the USSR Cabinet of Ministers and the governments of sovereign republics. The program is designed to extricate the country's economy from its crisis during transition to free market. It comprises 8 sections, and includes measures aimed at ensuring social security and livelihood for the people, normalizing economic relations, improving finances and money circulaltion, speeding up denationalization and economic demonopolization and heightening external economic activity.

The draft was discussed by officials from constituent republics. The 1st phase of discussions took place in April and the last on May 1. After that the draft was submitted to the governments of constituent republics. On May 12-14 experts worked to finalize the draft and then submitted it to the USSR President and his cocouncil of ministers.

The session is attended by the heads of governments of constituent republics. Endeavors to finalize the program revealed differing attitudes to a number of essential provisions, such as denationalization. Several republics oppose the fast rates of denationalizing industrial facilities proposed by the central government. Provisions on the principles of a unified financial, monetary and crediting system, hard-currency policy and customs tariffs also gave rise to disputes.

The current session is expected to consider a draft decree on additional measures designed to enhance social security for the various categories of the population in the wake of the reform in retail prices.

A report on the draft program for joint actions was delivered to the sesion by Vladimir Scherbakov, USSR deputy prime minister.

PRAVDA Report

PM1605100191 Moscow PRAVDA in Russian 16 May 91 Second Edition pp 1, 2

[D. Valovoy report: "Joint Action Program"]

[Text] An enlarged sitting of the USSR Cabinet of Ministers was held yesterday in the Kremlin Oval Hall under the chairmanship of USSR President M.S. Gorbachev.

The sitting discussed the program for the economy's emergence from the crisis. USSR Deputy Prime Minister V.I. Shcherbakov described the changes that have been made to the anticrisis program since it was discussed at the sitting of the USSR Cabinet of Ministers, the USSR Supreme Soviet, and the CPSU Central Committee plenum. Many constructive proposals and wishes were expressed in the process of these discussions. Previously the document was the USSR Cabinet of Ministers program, but now it is the fruit of creative work by the Cabinet of Ministers and union republic governments: the "Program of Joint Action by the USSR Cabinet of Ministers and the Governments of Sovereign Republics To Extricate the Economy From Crisis in Conditions of the Transition to the Market."

In the course of the additional work, Shcherbakov said, the participants agreed that the economy can be extricated from crisis only given joint action by all republics; we cannot emerge from the crisis alone. The authors of the program are also unanimous that what is needed is not a return to the old system but an accelerated switch to the market. The need for a united economic space for the free development of market relations was also recognized.

The main speaker answered numerous questions. Gorbachev asked him:

"Do you have any calculations indicating when the slump in production will end?"

Shcherbakov:

"We have made such calculations. If we implement the projected measures, we can achieve stabilization by the end of the year and we will attain the 1989 level by the middle of 1992."

All speakers at the sitting noted that the program is fundamentally better than the previous version and therefore proposed that this program be adopted while taking into account the specific criticisms that had been made, which can be eliminated literally this week. Someone jokingly proposed that the republics' leaders be kept here until the work is completed.

The issue surrounding the priority of the agrarian-industrial complex was raised particularly sharply. Almost all the speakers mentioned this. They unanimously spoke of the need to provide the countryside with all resources and to compensate it for the nonequivalent exchange and the rise in prices of material and technical resources.

There was a serious discussion of privatization and destatization. In this connection A.I. Tizyakov, chairman of the Association of State Enterprises in Industry, Construction, and Communications, while on the whole supporting this process, spoke of the danger of galloping privatization, which may be harmful without appropriate preparations. The same point was made, using specific examples, by N.A. Pugin, minister of automotive and agricultural machine building. He demonstrated that preparations for the "KamAZ" [Kama Motor Vehicle Plant] shares issue took two years, yet we want to carry out privatization in a matter of months;

this is totally unrealistic and may be very harmful. In connection with the accelerated privatization M.S. Gorbachev said in a rejoinder:

"We must not repeat the mistake of collectivization in carrying out privatization. If we begin issuing emergency privatization schedules today, as happened with collectivization, this will mean chaos in the country and confusion. This must be avoided. We must prepare everything and act in a a considered manner. The economy cannot be forced."

I.S. Silayev, chairman of the RSFSR [Russian Soviet Federated Socialist Republic] Cabinet of Ministers, V.P. Fokin, chairman of the Ukrainian Cabinet of Ministers, U. Karamanov, chairman of the Kazakh Cabinet of Ministers, V.F. Kebich, chairman of the Belorussian Cabinet of Ministers, and Sh.R. Mirsaidov, vice president of Uzbekistan, while on the whole approving the program, expressed a number of constructive proposals and wishes. In particular, they asked M.S. Gorbachev to review the decree on hard currency payments, since producers now have no interest in earning hard currency. The president instructed the Hard Currency Committee to examine this question and to submit appropriate proposals.

Prime Minister V.S. Pavlov said in his speech that we entered the crisis long ago, but survived by selling off our wealth. But you cannot fool the economy. Sooner or later you have to admit the objective situation and take the necessary measures. A subjective factor—the decline in executive and economic discipline at all levels—has now been added to the objective factor in our country. Without discipline we will be unable to increase production. So we must turn to production and strengthen discipline. But we must strengthen it not through fear, but through economic interest.

The prime minister went to to dwell on the priority of the agro-industrial complex and mentioned a number of questions that must be resolved in the very near future. In particular, he acknowledged the need to lower prices of mixed feed and temporarily "freeze" prices of material and technical resources delivered to the countryside at the level as of 1 April 1991. Pavlov also touched on a number of strategic questions. We must look ahead, he said, and take measures to renew production capacities and facilities, employ new technologies, and create economic interest in this. The discussion of the question of construction deserves special attention, he said. In our country it has somehow been left on the sidelines, yet the timely commissioning of production capacities is a decisive factor for stabilizing the economy and saturating the market with goods.

Taking into account all the criticisms, the head of the Union Government stressed, we must formulate the final text of the program and begin to implement it. Despite everything, life will make its own corrections, and the document must be not a dogma for us but a guide to action.

M.S. Gorbachev delivered a concluding speech. He said: I will begin with the premier's concluding point: We must resolutely improve the economic situation for technical progress and combine the resolution of tactical tasks in stabilizing the economy with strategic tasks of resolving the transition to market relations.

The president went on to note that as a result of joint work it has been possible to arrive at a document that can be an effective stimulus to production. The program, he stressed, must focus the attention of the union and republic governments on economic aspects of extricating the country from crisis. However, there is a feeling that not everyone has yet grasped the reality of the threat of the collapse of the economy, with the ensuing social and political consequences. We must persistently seek joint approaches. The anticrisis program, despite its extreme urgency, is at the same time the basis of the strategy for the transition to the market. He dwelt in detail on the section of the document devoted to social protection measures in the transitional period. And in conclusion the president expressed the hope that the Cabinet of Ministers will successfully complete the additional work and immediately embark on implementing the program.

Shcherbakov Address Reported

LD1505225891 Moscow Central Television First Program Network in Russian 1614 GMT 15 May 91

[Excerpt] An expanded sitting of the country's Cabinet of Ministers with the participation of leaders of the governments of Union republics took place in the Kremlin today under the chairmanship of USSR President Mikhail Sergeyevich Gorbachev.

The program of joint actions by the Cabinet of Ministers and the governments of the sovereign republics to bring the country's economy out of the crisis in the conditions of the transition to the market was discussed.

Vladimir Ivanovich Shcherbakov, USSR deputy prime minister, who delivered a report, stressed that since the adoption of the joint statement of the 10, the work of the document has proceeded very quickly and has been completed in two stages.

The main tenets of the anticrisis program put forward by the speaker project an energetic transition to the market economy, the broad destatification of property, the attraction of foreign capital, and the reduction of state expenditure. In the opinion of the government, it is intended to restore the 1989 level of production of by the middle of 1992.

[Begin recording] [Shcherbakov] The republics and the Union should adopt a special program to eliminate unprofitability, to cut that unprofitability off from budget subsidies, with a view, in necessary cases, to carrying out the forced privatization of loss-making enterprises. Moreover special measures are stipulated to develop the financial market, to liberalize prices, and stimulate savings. The result of all of that section, and

perhaps the main result of the whole program, is to guarantee the transition as of 1 January 1992 to the internal convertibility of the ruble and to stop the circulation of hard currency inside the territory of the USSR.

For a way out of the food crisis and the crisis on the consumer market, it is proposed, before the end of the year, to restore deliveries to the level of 1990, deliveries of the agro-industrial complex, to stimulate the fulfillment of these deliveries, including through the use of nontraditional incentive methods, including by raising the responsibility of the agro-industrial complex for the fulfillment, for growth in the volume of production.

On the one hand, material and technical resources, the contract system of work in food and on the consumer market and, on the other, financial assistance and the active use of methods of the liberalization of prices are the basis of these activities. It is envisaged to step up—and to interest enterprises in this—the importation of food and medical supplies, and, naturally, the privatization of all commodity distribution systems.

Special measures have been provided for in social protection and their aims are to prevent unemployment, to complete the setting up of an employment service, employment funds, and so on. In other words, to provide people with an opportunity to protect themselves, first and foremost, from high-pressure work. Therefore it is envisaged to begin a major reform of wages, switching it—the wages system—to market relations, bearing in mind that the level of payment and the system of payment must be regulated by tripartite tariff agreements between the owners, the government bodies, and the working people.

The basic system is a market one, and the level of wages must be determined taking into account the country's economic potential. Only minimum wage-scales for professionally qualified sections of working people can guarantee protection, and, naturally in this situation, with no maximum wage restrictions. This tax system must be reviewed with the purpose of giving people greater earning incentives.

All public consumer funds and the whole power of the state are to be concentrated on protecting those sections of the population who are unable to work or who are socially vulnerable, first and foremost, pensioners, the disabled, families with children, and so on. The whole power of the state is to be directed toward this.

A minimum consumer budget is to be introduced by way of decisions of republican bodies, and indexation of incomes of the population introduced, bearing in mind that automatic indexation may be applied only for those categories of people who, through the work they do, are unable to earn more. This again applies to people who are living alone and unable to work, the elderly, and so on.

In our understanding, the basis for a way out of the crisis, apart from organizational and economic measures, lies in a broad front of freedom from state control. Here it is proposed, in accordance with the draft of a new Union treaty, to conclude a special agreement for the distribution of property and the function for removal from state control. And to begin, from the second half-year, to carry out this work on a broad front.

There is one question here which must be discussed specially. A number of republics are insisting on first handing union enterprises over to republican jurisdiction, and then they will themselves sort out what to do with them afterward. It is a complex question. On the one hand, it lacks a legal basis because such an action can be carried out only after the Union Treaty has been concluded and not before it, and in the second place, after changes in the constitution, and so forth. Therefore, the legal basis required very serious elaboration. Moreover, to transfer this into the hands, so to speak, of the republics could lead to the centralism of Moscow turning into 15 even worse centralists in the republics. Such a danger really exists. Therefore, we propose that property should not be divided now, rather functions for downgrading the role of the state should be shared and that this should be carried out on a broad front. I think that this question should be discussed separately. Naturally, it is envisaged that a list of enterprises, a narrow range of enterprises, which must not be handed over to leasing or be privatised, should be created. The republics and the center should decide everything else together.

There should be a special program to support and, the main thing, to defend enterpreneurial activities.

Very series changes must be made in the criminal code today and there must be a social and psychological reorientation of the population, and so on and so forth, and a broad complex of work must be carried out, but the enterpreneurial sector must be protected both from racketeering and from industrial extortion and so on and so forth.

As for foreign economic activity, the main basis of everything lies in opening up as widely as possible the integral economic space for international cooperation. All the tasks must be set there. Of course, that document still has to be worked upon. But the measures taken, in our understanding, will make it possible, if we act as is proposed, to stabilize the situation in the country by fall, and by the end of the year to achieve a certain rise both on the consumer market and in industrial production.

Out of the questions which remain unresolved, I would think it advisable to concentrate our discussions upon four central questions upon which complete unity has not been achieved, and in which, at least, there are nuances remaining.

First: will we carry out an integral financial and credit policy? A number of republics think that the unity of the monetary system does not at all signify the unity of the credit and financial system. But the presence of an

integral reserve system, the presence of an integral unit and the opening up of state borders inside the integral economic space means that unity in credit policy has been set already.

Well, there is a more complex version as far as unity in financial policy is concerned, therefore, we wrote more precisely—the unity of principles or the principle of unity, of freedom in financial policy and, in credit policy within the framework of the limits of credit of the bodies of executive power, which, of course, everybody should have.

The second question is: on the one hand all are agreed that a single economic area means that internally there are no customs borders or state borders. For this reason goods must move independently and the producers of goods must work among themselves. There is understanding on this question, and all agreed on how to form the plan for 1992—I stress once more—on the basis of economic agreements, free economic agreements between the producers of goods.

At the same time a number of republics consider that enterprises must make agreements amongst themselves—this is one thing, and then the chairmans of the republics' state committees for material and technical supplies must sit down and adjust all these agreements, proceeding from the interests of the republics. We consider that this will lead to a complete breakdown in 1992, because then it will be impossible to sign a single agreement between enterprises. This means that on 31 December it can simply be annulled, and some kind of nut will be missing at the Volga automobile plant and so there won't be any cars. This is what this means.

We would consider that such a practice should not be entered into, but additional discussions are necessary.

Here there is a third question. The formation of the USSR budget. This question must be resolved now, because if not then it will be impossible to form the 1992 budget. There are two approaches. Some republics consider that it would be possible to go toward a one-channel system, implying with this that everyone pays taxes into the republican budget and the republican budget transfers some sum of money for the maintenance...for all-union needs. In our opinion such an approach is not correct, and also is not possible technically. Well, let's say, today production is falling, complicated adjustments are taking place. In Russia, let's say, we sat down with Russia and looked. Production is falling in light industry, the agro-industrial complex, and the Russian budget simply does not receive this money. But then this sum cannot—and this is so also in other republics, not just in Russia—but then it is not in a position to hand over this fixed sum. And then the situation simply becomes unclear.

Apart from this not a single federative state in the world is built on such a system. The budget of all-union needs, and in the first place this means constant expenditure—the maintenance of the army, international activities, all-union structures, the development of base issues—in our opinion requires a normal supply of finance just as in the whole world, and also a raised interest from the center in the development of the national economy.

That is why we think it is right to adopt a single federal tax, not the way today's union taxes are paid to the Union and the republican to the republics, but a single federal tax. It could then be very modest, in the region of 5-7 percent in total and would not be of a burden to everyone. And then a reasonable budget system will appear which could be possibly regulated from the center. This will be a permanent part of the union budget on the basis of the federal tax, and besides, the development budgets known worldwide, say, the development of the Tumen north, and solving the Aral, Chernobyl problems and so on could be introduced. These must be the special development programs in which the interested republics will take part. They will make separate payments for these budget aims. Such a scheme is being suggested as an alternative. We have considered it necessary to discuss and adopt it.

The third, or the fourth question is also a major one without which it is impossible to move forward. Either we are moving toward the market—and then with our joint efforts we should carry out the denationalization of the economy—or we are simply sharing out further subordinations and changing the sign on the enterprises' doors. Today we have the sign on the enterprise saying "USSR Ministry of Automobile and Agricultural Machine-Building", and tomorrow, say, there will be a republican name. If that is the case then it is hopeless. We shall get stuck in even bigger crisis from which we might never recover.

Or we could follow a fundamentally different path. We could carry out denationalization, and allocate the controlling blocks of shares of the denationalized enterprises appropriately. Say, this part of the shares will go to the republic, another part will be left with the union. Then we shall protect the enterprise from the blows and the political pressures. We shall sit in the union-republican conciliation commissions and discuss what is to be done, how to divide the package. I think that these four questions are the central ones, the ones that need to be resolved. If a firm decision will be taken on them the program could be put into its final shape in 2-3 days and we could start implementing it. [end recording]

Vladimir Ivanovich Shcherbakov answered questions posed by those participating in the session. We do not have the opportunity in this short report to show the discussion of the anticrisis program in detail, which lasted for approximately six hours. Here are just a few excerpts.

[Begin recording] [unidentified speaker] How is the setting up of the fund, the financial fund for social maintenance for the payment of compensation progressing, especially in the republics of Central Asia?

[Shcherbakov] I think that will be the second question because the draft decision of the Cabinet of Ministers has been enclosed, which was agreed beforehand with the republics on additional measures for compensation to the population. I would request that this issue be discussed there, bearing in mind that it is a special and a specific issue. But in the given program, in this program it is stated that all the republics should unconditionally implement the agreement concluded, including in this respect.

[Unidentified speaker] First, won't that cause the collapse of the republics? Second, then won't their independence result in the republics moving away from one another? Haven't the authors of the draft decision thought about this. It would be better to synchronize this, as we did in the initial accord.

[Shcherbakov] Yes, I understand, I understand.

[Gorbachev] As in the economic agreement.

[Shcherbakov] The first...

[Gorbachev] Incidentally, the nine-plus-one declaration stipulates that we confirm the commitments stemming from the economic agreement adopted for 1991. [Unidentified speaker] [Words indistinct] Though I would rather not have to ask it, my question is this: Are you not deviating from the economic agreement signed by the leader of the Union and the leaders of (?the Union republics)?

[Shcherbakov] I will begin with the second question, as it is a central one. We have not deviated from a single word or letter of the agreement that was signed. On the contrary, we have developed its logic, and taken it as a basis. If it had not been for the agreement we adopted, the joint action program would simply not have come into being. I am profoundly convinced of that, because we managed to settle numerous disagreements there.

With regard to the second question, I wish to report that this record—or this decision—is insistently proposed for adoption by the republics who are supposed to receive something. I can list them. They are, first, Uzbekistan, then Turkmenia, Tajikistan, Azerbaijan, and so on. So this is the insistent demand of these republics. That is the first thing. Second, in conversations with me in particular, Boris Nikolayevich Yeltsin repeatedly expressed the wish that, as he put it, you—the center—should not prevent us, the republics, from cooperating with each other. We agreed with you on the sums involved. We agreed on this. Now we will settle these questions, on a direct republic-to-republic basis. So there was both a wish on the part of the republics to settle this among themselves and not to have the center getting in their way, and also the agreement of both sides to this work. This was the basis we acted upon.

We think that, generally speaking, in the new renewed union, such a position should be the right one. If the Council of the Federation, the Cabinet of Ministers, have assembled and agreement has been reached then why should the center deal with that matter further? If agreement has been reached, then it has been reached. We coordinated the efforts of sovereign states, helped them find mutual understanding and they should cooperate among themselves further.

[Gorbachev] On the whole, that is a very good question for pondering over. I stress that problem to you because this is, well, how I see, how I feel it. Well, let's think about this country now, about this state, which was inhabited 1,000 years before us and where the fate of 300 million people lies now and think about those, about what kind of country we will leave for all those who come after us. Well, if we discuss that from these positions then we will find answers to the questions. But if we adapt huge questions, fateful questions of that multinational state, which is going through profound changes, to political positions, to an opinion, a view, moreover, even simply to something purely personal and even more so, to some kind of personal attitudes, that is completely impermissible. That is what we agreed. That is the starting point, so to speak. [end recording]

Then debates on the question under discussion began. The representatives of the governments of sovereign republics, leaders of ministries and departments who spoke expressed a number of specific remarks and proposals and recommended that it be implemented. [passage omitted]

Pavlov on Market, 'Shadow' Economies

OW1605115091 Moscow INTERFAX in English 1800 GMT 15 May 91

[Text] Prime Minister Valentin Pavlov said in his statement that "in order to overcome the crisis we, first of all need, to understand how we got into it". "Our economy", he said, "has long been in a state of crisis but we suppressed it by salling out our national heritage. Now we have come up to a point when there is nothing to sell". "That's why all our problems have come to light", Pavlov stressed.

The Soviet prime minister said in response to the criticisms he had been subjected to that no transfer to market economy was possible without discipline. Discipline in a market economy is always strict, he said, but market is unviable without it. That's why so much attention to discipline was paid in the joint action program, V. Pavlov remarked.

He said, in particular, that a law on bankruptcy was needed to maintain economic discipline. "We have not closed down anybody for mismanagement, though we should have done it, moreover, we should have told all over the country about it".

Valentin Pavlov said feasible priorities in economic development should be established. He believes emphasis should be laid on agriculture for the survival of the country depends on it.

"Whether we are going to split up our currency or not, Pavlov added, all the currency will be spent to solve this (food—IF [INTERFAX]) problem all the same. There is no other way out. However, giving priority to agriculture does not mean there is the need of new significant investments into this sector. Despite a rich harvest the marketable value of agriculture has dropped. It means investments have not been put to effective use." [quotation marks as received]

Citing economic incentives for the development of the agro-industrial complex, Pavlov called for making a more active use of a flexible tax and price system.

With regard to a "shadow economy" the Soviet prime minister said that "this phenomenon exists in the West, too, and one has to learn to live with it, but to hamper its operations appropriate laws are needed, for instance, a law against unfair competition". Valentin Pavlov invited all law-enforcement bodies to join efforts in combatting organized crime and to create "a kind of the FBI".

President Mikhail Gorbachev said in this connection that the idea of setting up such an organization was ripe last year, but it proved unfeasible because "neither the KGB, nor the Interor Ministry, nor the Procurator's office were willing to compromise". "We have to revive this idea", he said.

Gorbachev Closing Speech

LD1505194491 Moscow Central Television First Program Network in Russian 1633 GMT 15 May 91

[Closing speech by USSR President Mikhail Sergeyevich Gorbachev at expanded session of the USSR Cabinet of Ministers in the Kremlin on 15 May—recorded]

[Text] I shall start from the point at which the prime minister ended his speech. I think that as a result of the enormous joint efforts—I shall not talk about or list here all the participants, the creators of this program—and especially the joint efforts of the Union Cabinet of Ministers and the republican governments in its final stage, we have arrived at this document which even today can be a guiding document for us to act upon energetically and increase our practical work in all these areas. And we should try to solve what has been raised here at the level of the prime minister of the Union cabinet and the leaders of the republican governments; because now this is not a job for the experts anymore. They look for the expressions which they can give you; and it is not clear what they were trying to say from what they pack into them, because they lack certain powers.

Generally speaking, so as not to overload this program, we should remove what relates to very different processes. For example, as to the working out of the Union treaty: It should be tackled where it should be dealt with—in the Union treaty. It is within that process and at that level to which this process was assigned. The Union and the republican governments should, therefore, be freed from these questions and left with only what is solely related to the executive power in the economic sphere.

This program is specifically directed toward a concrete sphere of application and has very tight schedules. Therefore, what still has to be discussed at the Union treaty stage, then the Constitution and so on [pauses-]...let us not drag all these things over here. There will be discussion of the law on denationalization and privatization during the discussion of the antimonopoly legislation. There will be work for us yet.

Therefore, anything that is in the way should be removed and the way toward the practical work in the spirit of our coordinated positions should be opened up. I see that we already have that here. That is the first point.

Second, you know that I want to confide things to you frankly. Esteemed comrades, I have a feeling that we do not realize at all the dangers and threats that exist in our society now; and this means a danger for society, and therefore the government and the governments of the republics.

Whether you like it or not, we do not sense these dangers: I would say first of all the threat of the economy collapsing with all the catastrophic economic, social, and political consequences resulting from that.

In this connection, here, whether you like it...[pauses] ...whether you agree or not, that is how I have felt, and I want to say that when discussing this program there has been a certain shift toward the old theme of the center and the republics. And we need to put this theme on another plane: joint actions. Vitold Pavlocivh Fokin said that he very much likes the main thing, which is joint actions. It is on this plane that the whole of our discussion must be situated—not about how we are to divide things up; about who is to blame for what; or where, so to speak, something is to be snatched. We are so closeknit that, with regard to this—speaking generally about dividing things up—we generally will find little of an answer. But in the search for joint actions and the distribution of responsibility—here there will be an answer.

The second thing is this: The emphasis must be switched to economic measures for tackling these problems. In that sense I welcome the speech by Valentin Sergeyevich [Pavlov], in which he did precisely that. In connection with this I would put it like this: How do I see the objectives and tasks of the anticrisis program? On no account can it be said that we are dealing with tactical matters. No. This is such a serious social, economic, and political problem that by and large it is of strategic significance, although in terms of time-scale it is as coiled as a spring—the deadlines are particularly strict.

It is strategic because the way in which we get through this period and the results that we get will determine the further consequences. This will determine even further

consequences, with the entry into new forms of economic life. And it will determine how we make progress toward the market, instituting strong incentives for labor, for collectives, and so on.

So I consider the objectives and tasks of the anticrisis program to be to stabilize the production sphere; improve the financial system and money circulation; normalize food supplies to the consumer market; and create the juridical, economic, administrative, and other preconditions for accelerating progress toward the market and for switching to the new forms of economic management and economic activity. All this will enable us to prepare and create some sort of groundwork for dealing with matters connected with structural policy. I have in mind here changes to investment policy and our economy's change of tack in the direction of people and conversion.

Finally, we must...[changes thought] I see the task and the aims of this anticrisis program as being that it should tackle the tasks more quickly in such a way that we are able more quickly and more widely to open ourselves up to international cooperation with the world economy. Well, naturally all that must be done so that at the same time it is accompanied by at least such social protection measures that do not mean a fall, a profound fall, a reduction in people's living standards. Because the turn is of immense, immense difficulty—immense difficulty. If that is the question, then I must say bluntly that I would...the sections of the program...that people expect that from us, comrades? [sentence as heard]

Stabilize the production sphere. If not only the people, but you and I as well, as Comrade Pavlov said correctly and others mentioned later. After all, if we do not do that, people will have no work in our country. That is it. You understand, every family will be under immense strain. There will be no stable income. There will be a lack of confidence and a psychological state in society. But, finally, that is all our budget and everything else, and all the programs, all the investment, and so on.

So the task of stabilization in the production sphere is today a strategy. In general, no one in chaos has moved toward the market. There are such options, but that is when society was going through a war and it found itself in a state of chaos, and then a movement straight toward that began. But in the present case... What, are we to bring things to that pass?

And here is what is expected of us. It is expected of us that the ruble works, that it means something. It is expected of us that there be confidence in foodstuffs, that there be no need to buy up flour and then throw it out along with the garbage when it has gone bad.

And just look at what is happening in our country and still is happening to this day. The stabilization of the market, of consumer goods on the whole, is expected of us. After all, this is what is expected of us in the first place—protection, too. People see that first of all they want work, income; they want to be able to go to the market; they want the ruble to have purchasing power; they want to be able to go to the market and buy something. That is the protection that they want first of all. Then people will have confidence.

Therefore, here, during the discussion of the document, somebody said, well, let's get people to show an interest in that document; let's place in the first section—or in one of the first sections—social protection, measures to protect living conditions. I will say to you, well, people are expecting things to be done in that order, I would say. And this is how we must pose the question. It has its own logic. It is justified.

And then, having examined all these questions, we should come to some kind of system for solving all these tasks at that transition. Protection should be for the people. Therefore, in the first place, this must be reassessed in that way.

Now, as far as the stabilization of the production sphere is concerned, there has been a 10-percent drop in national income over four months and a 5.4-percent drop in industrial output in comparison with last year. Incidentally, there was a 6.6-percent drop in industrial output in April.

So the trend is not improving. So far, it has been deteriorating, and you can understand how low it is: There is a shortfall of 17.5 million tonnes of oil, of 3.6 million tonnes of rolled metal; a 13-percent shortfall of commercial timber, 9 percent of mineral fertilizers, chemical fibers, and so on. This is a whole resource base, comrades. So now the situation with regard to supply of material and equipment to industries is simply critical here. And therefore it is all dictated by this and I shall implement what we reached agreement on at the meeting with the leaders of nine republics in the next two or three days.

I am issuing a decree on ensuring the uninterrupted work, not so much as an emergency procedure, but uninterrupted work. Certain incentives are being introduced above all, which Comrade Fokin spoke about, in order to... [changes thought] You know we are even arranging that for each 1 percent growth, to increase output rates per working day to what they were previously, we will provide incentives and yet more incentives so as to build up and obtain such resources.

Comrade Velichko, for example, and Comrade Ryabev are working with the oilmen. The daily oil extraction rate must be raised by 3.2 percent. Much groundwork has already done already by means of machine-building. Azerbaijan's machine-builders and other comrades are taking part; all the suppliers and the defense industry people and so on have joined in this.

We need to find it. What does it mean if one sends the entire 17 million to get out of the situation, to restore things? That would be 17 million tonnes. For 10 million tonnes—how many billions is that? That is 1 million rubles [R]; that means it is R1.7 billion. But a minimum

of 500 million in hard currency is needed in addition for the package of measures in this very program. There are things that have to be found to obtain this gain. One must do with less, you will have to make do with less. Come on and find some of your internal resources. But I think that this task must be carried out to the end.

Thus, Comrade Doghuziyev is engaged in the specific investigation of each of these packages. All this work they are carrying out with the deputies of the Union republics must be conducted very stringently and demandingly and be taken through to a logical end here. If we normalize this sphere at the present time and then we shift it toward a further improvement as well, then I would say that the whole situation will change. It will have an effect on the budget situation as well, on everything. But at the present time one has to come to grips completely with this.

To avoid repeating myself, I think I would like to deal more extensively with the foodstuffs problem. Comrades, we have a large drop in general in the production of foodstuffs, in livestock products. By 1 May purchases of meat had dropped by almost 1 million tonnes compared with last year—this is live weight of cattle. Yes, that means that we lost at least 500,000 tonnes of meat, we lost 500,000 tonnes; 2.8 million tonnes of milk; and purchases of eggs were down 14 percent.

Comrades, I do not recall a case in all my years of my ties with agriculture when what was lost any year in the early months of wintering was restored by the end of the year. That means that extraordinary efforts, both organizational and economic, are required here. Organizational from the point of view that since we have said that, despite all the difficulties we will give the countryside the resources, we will give it the resources. Well, that is the task of all governments—of the Union government, the Union ministries, and the governments of the republics, no matter what the cost.

And the second thing—I do not want to dwell on that, to waste time on that—Valentin Sergeyevich [Pavlov] and I had a conversation about it yesterday after the talks with you: We really do need to; as we already told the whole country and all the peasants, in the second quarter we will decide the question of establishing parity between the countryside, the agro-industrial complex, and the sectors of the national economy.

But that task must be solved not in a simplified way, not in a simplified way. We are still seeking, we are going toward the market, we are going, you understand, toward new economic relations. And once again we want to resolve somehow, to cut something off here, to give something there. Some use should probably be made of all of that. And there is no need to be shy! That must be adopted where necessary.

But first of all—and we discussed it yesterday—we must proceed in the following way: When deciding, when adopting decisions, we should move forward, give an impetus to ensure that the agrarian sector works effectively. And that concerns everything here—and as he said, combined fodder, and what we spoke of, what equipment should be like. After all, several years ago in fact, I visited a farm, the farm of a Canadian farmer. But, well, he had his work cut out. And among other things, I came upon our tractors there, our tractors. Incidentally, they have begun to take our combine harvestors, too—the Don-1500. That combine harvester has been functioning there 17 years, comrades!

That is how long a tractor remains in operation. In our country it lasts barely eight years, seven years. In our country only trucks are often older than the drivers who drive them. Over there they look after them. It is very easy to write them off. Equipment gets written off if you do not look after it. So it is a question of quality for the industrialists. If you charge that price and it happens that you swindle them, let's have a guarantee then. Look at the guarantor. Let the industrialist guarantee it. Let him guarantee it. And at that price, let him give a guarantee. And when the peasant receives it, see what he does. He must get spares for it and so on. So there is a whole complex of these interconnected measures, now, on the way to market relations.

I would look in exactly the same way, and I ask you—I mean Pavlov and the leaders of the republican governments—to sit down with the corresponding economic services and scientists and examine the question as to how we can release this, and provide oxygen to the peasants by means of...when they have fulfilled... That was how Lenin started his new economic policy, you understand, so that surpluses could be sold freely. [sentence as heard] We must look at something here.

I recall how in the Council of the Federation you all chopped away at my proposal of an order of not more than 60 percent. You said that otherwise in 1990 we would not procure enough, and so on. I gave in and withdrew it. That was a pity, now I regret it. That is why, returning to this idea, I say: It does not have to be 40 percent, comrades; let it be 15 or 20. But this will already be a move toward a situation where, having sold these, he will somehow improve his economy. In other words, we again have market approaches, and again we have incentives to make him fulfill an order and get more, sell more, above the order, at a free price. All this will mean working in the direction in which we want the whole economy to turn.

That is why I would support the way these deliberations are going—we spoke with Comrade Pavlov yesterday—and I invite you not to embark on the path of easy and rapid decisions. Sit down and talk about it.

I think I welcome those incentives which are included in the benefits for enterprises that produce the goods. If anything else needs to be added, then let us do so, let us do so.

The construction workers who create these facilities must be encouraged. The participating military...

[changes thought] Defense enterprises should also be encouraged through taxation, even exempted from taxation. That is to say, just look, our new mechanisms and new approaches must be used again, then you and I will be on the right path. On the one hand, we will stabilize our economic situation by these organizational and other measures and by incentive measures.

On the other hand, you and I are going toward the normalization; we are improving finances and the situation on the market. We are resolving the problem of the ruble's purchasing power.

Third, we are suppressing inflation, too. But at the same time we are stimulating the producer and urging him on.

And do you know what I will tell you about the question of our cooperation with the West? We have in our country many different ideas and assessments circulating. Well, in the first place, there is the widespread point of view that we should do everything ourselves and that nobody will save us. I have to say that, in general, that is the right point of view.

Well then, the economy is in such a state, could even a billion save it? No! All the same, we must do that ourselves. Well, even if they were to give us this billion—just for the sake of argument, I am just speaking hypothetically—it also would have to be returned. So, that is right. But the slogan that we will not enter into capitalists' slavery and so forth—maybe that is very patriotic, at first glance; but if it is a question of mutually beneficial cooperation, and along such lines where we will receive a quick return and begin to save these natural resources which we are selling today, that is quite a different approach, quite a different approach.

But, well, I was in Spain. I talked with Comrade Gonzalez several times. He can be called mister or comrade because by affairs of state he is "mister", and well, he is Comrade Felipe Gonzalez through socialism.

We inveigled there, we begged there, nobody came to us, Gonzalez told me. But now there is no getting rid of them. Why? Because the rules of the game have been set up. The rules of the game have been set up. And now, he went on, cooperation is quite different now. And those who once closed and even abandoned enterprises have returned now. Now they have returned and are still taking things. And that is advantageous, that is advantageous.

So, generally speaking, you and I should work that through. We should work out a concept of foreign economic cooperation, comrades. If somebody thinks that he, making use of one advantage or another which this or that republic has today, and he has gone on a world trip and is holding some kind of talks somewhere, I have to say that over my six years I have had so many talks—and there have been all kinds of them, closed ones and open ones, too. Therefore, the euphoria you feel will pass when you come up against the real capitalist world, the real financial world, with everything else. It will pass gradually. But it seems to you now that when you've gone, entered into, held such talks, that this is it—there will be a revolution tomorrow, that's it, everything has been resolved.

Moreover, when you study in more detail what has been proposed to you, when you bring experts into it, you see that it is complete and utter swindling. Therefore, we must do internally what needs to be done. There should be a concept, we must work out the rules of the game together and then we will not be stripped clean. After all, we are heading toward expanding—and expanding greatly—the possibilities of the producers themselves and of the republics.

So, we should be prepared for that; otherwise it will be a Klondike, a Klondike. And the most important thing is that we must swiftly tackle the problem of the transition to the ruble's convertibility, first internal convertibility and then external convertibility. Therefore, Comrade Sitaryan, you and all those working around you in your office are a bit slow getting your brains working. Everyone should get down to this right now and provide the currency committee with a proposal, because that is the only thing that will work. If someone thinks he will get rid of this romanticism, he will make it go away quickly. Everyone is in need of this, so that principles should be worked out, so that a study, approaches should be worked out.

In this respect, this is another stage. Our people have also become accustomed to doing nothing more than bargaining. What did they receive the title of heroe and so forth for? Oil and timber, you understand. There was no real economic cooperation. Now it is a completely different phase.

Thus, I have to say, for your information, the first contacts that I had with Mitterrand, with the heads of other states, a few days ago when I spoke with U.S. President Bush as well, the conversations dealt with whether the time has not come to examine the question on a large scale, within the framework of The Seven, about cooperation between The Seven and the Soviet Union. And I have to say that they also need this. Because even now we do not know generally how to put it right. Everybody is knocking on the door and making proposals; but they are saying that we cannot do things that way. We need to work out the general rules of the game, get together and find out which are our conditions and which are your conditions. And then some interesting things begin to appear. But this is a specific subject for private discussion.

In short, let us complete this program in working order and agree quickly on what questions remain. You choose the examples you want to follow and there is no need to give anyone instructions; otherwise this will be a waste of time. And let us move in this direction.

Silayev Satisfied With Meeting

LD1505170591 Moscow TASS in English 1626 GMT 15 May 91

[Text] Moscow May 15 TASS—Russian Federation Prime Minister Ivan Silayev said he was satisfied with the expanded meeting of the USSR Cabinet of Ministers today, which discussed a joint programme to take the country out of crisis.

Silayev said "practically all leaders of Union republics" took part in the meeting that was chaired by President Mikhail Gorbachev.

The Russian premier told journalists after the meeting that the document "perceptibly advanced in reflecting the interests of republics".

Silayev emphasised that the Russian leadership takes every measure to get its positions reflected in the programme. "A considerable number of our considerations has been taken into account," the premier said. He cited as an example the agreement to transfer to republics the licensing and quoting rights on exporting goods manufactured on the territory of a republic.

"Understanding was expressed for the republics' concern over the divison of functions between them and the Union and privatisation processes," Silayev continued. It was recognised at the meeting that privatisation must be carried out by republics and exclude military and some other facilities, like railways, etc.

Silayev noted that some issues were left unsolved. "For example, it is unclear how hard currency earnings will be divided," he said. "We will demand rights over foreign currency sources," he added. Silayev also said that participants in the meeting agreed to divide the hard currency debt of the Soviet Union, which will make it possible to better meet debt obligations.

Silayev expressed hope that the outstanding issues would be dealt with shortly. He favoured elaborating such a joint programme that would "take account of the proposals enabling republics to realise their economic programmes."

Officials Queried on Cabinet Session

LD1505232991 Moscow Central Television First Program Network in Russian 1800 GMT 15 May 91

[Report by correspondent Sergey Medvedev in the Kremlin including recorded interviews with Vladimir Shcherbakov, USSR deputy prime minister; Ivan Silayev, chairman of the Russian Soviet Federated Socialist Republic Council of Ministers; and Vitold Fokin, Ukrainian prime minister; following the expanded Cabinet of Ministers session in the Kremlin on 15 May; from the "Vremya" newscast]

[Excerpt] A further step to stabilize the situation in the country and to improve the economy was taken today by the leadershp of the country and the republics. In the Kremlin, an expanded sitting of the USSR Cabinet of Ministers under the chairmanship of Mikhail Sergeyevich Gorbachev discussed anticrisis measures common to the Union and to the republics.

[Medvedev] The main question that must be answered by those attending today's sitting—it will start in a few minutes' time [as heard] and the leaders of republics, people's deputies and representatives of industry have been invited to it—is: Will it be possible to pull the country's economy out of the crisis and to determine a timetable for extricating it from the current lamentable situation?

By today, the draft anticrisis program of the Cabinet of Ministers had been converted, after further work, into a program of joint action by the cabinet and the governments of the sovereign republics. Can you feel the difference? Emerging from the crisis—everyone was agreed on this—is only possible by joint effort. Moreover, it is not a return to the old system—we can no longer return to that—but a forced transfer to a market economy through privatization and the removal of state control from the economy. It was with this that Vladimir Ivanovich Shcherbakov, USSR deputy prime minister, began his presentation of the program.

By autumn, we should, according to him, feel, so long as it is economically carried out, signs of stabilization in at least the base sectors. That can be achieved by implementing the interrepublican agreements already adopted, by transforming the supercentralized system of the State Committee for Material and Technical Supply into a middle-man organization, and by giving freedom of movement to goods and the workforce. The plan for next year must be formed not from above, but on the basis of direct contracts. Starting from the second half-year, financial bodies will operate on a special regime. It is a question of rigorously reducing budget expenditure at all levels, mainly by halting construction and cutting spending on defense and administration. The wide scale of privatization must help to cover money with goods. And by 1 January 1992, it was planned to ensure the internal convertibility of the ruble. Moreover, active use will be made of measures to liberalize prices. Of course, this may noticeably lower our already poor standard of living. It is clearly for this reason that additional measures for social protection are envisaged.

Here are a few explanations of the report.

[Shcherbakov] We did not just take account of wishes. We discussed all fundamental questions. Thirteen republics attended. They analyzed everything in great detail and found options for a solution. On the one hand, we are conducting a single policy; the sovereign republics, on the other hand, receive quite broad freedom to implement their own programs within the framework of single principles, single approaches and a single policy. We think that such a position is altogether right.

[Medvedev] Nevertheless, at the discussion today, many speakers called the program very tough, and, in one

speech, it was even described as being a program to whip people into transfering to the market. Do you agree with such a description?

[Shcherbakov] I don't agree with such a description. I do agree with the first part—that it really is a very tough program. No country in the world has emerged from a crisis by persuasion alone. That is a naive illusion. So there must be tough organizational, administrative and legal measures including people's personal responsibility for what will happen. However, it also contains many incentives. After all, the basis of the whole program—and we all signed it—is that emerging from the crisis is only possible by a very decisive and rapid transfer to a market economy. I think that we will have to set ourselves the task in this way: Either we will find a normal means of emerging from unprofitability with the help of the state...[changes thought] and, of course, it is necessary to support and help people during the first stage. People must know that, if there is still unprofitability in a year's time, then the enterprise will be forcibly sold—privatized—to anyone who can rescue it from unprofitability.

[Medvedev] Can we assume that if the program is not fulfilled the Cabinet will resign?

[Shcherbakov] Well, that is perfectly natural. The Cabinet was, after all, appointed to implement this sort of program and so, if it is not carried out, it will naturally lead to resignation.

[Medvedev] I think that you will be interested to hear the views of those who discussed the program today. [video shows Medvedev interviewing Silayev]

[Medvedev talking to Silayev] You maintained that the main thing in the program is to remove what prevents the republics from transferring to a market economy and to enhance those factors that will help to do that.

[Silayev] Quite right.

[Medvedev] Well, could you please make two or three points?

[Silayev] Well, in the first place, as I've already said, there is, let's say, the single state order. We reject that. The state must order what the state needs and not be a middle-man between specific producers. So a market structure comes into being: that means stock exchanges and commercial middle-man organizations, this has to be energetically introduced. But the state order must be profitable to the executor; then it can bring benefits. That's the first thing. Second, is the more serious, principled and clear-cut solution of problems of the republics' rights to the results of exports, the results of export activity by enterprises on the territory of those republics.

[Medvedev] A republic must itself have the right of access to the external market.

[Silayev] Undoubtedly. In gneral, we support emerging from the crisis through market devices rather than administrative ones.

[Video shows Medvedev interviewing Fokin]

[Medvedev] Vitold Pavlovich, you came out today quite forcefully as an opponent of the main rapporteur at the sitting. Nevertheless, I should like to hear your principled assessment of the document that was presented for emerging from the crisis.

[Fokin] I think that the idea of creating a program of joint action by all republics to emerge from the crisis situation is a very good idea, a correct one, and I support it wholeheartedly. Because It is up to us republics to carry out all the decisions, and we must coordinate our actions so that none can be imposed by the center.

[Medvedev] But is it possible to coordinate them? What do you think?

[Fokin] I think it is. However, then there is no need for such a detailed specification of individual items. Let's say, the republics have different social, demographic and national features, and to sew a single dress for all, a single program, is simply impossible and is irrational. The struggle of the Union ministries for survival is continuing. They are placing turnpikes on the road toward overcoming the very idea of the existence of these sectoral monsters. We consider that the sectoral ministries must be disbanded, and the republics must control the process, the active processes, moreover, of the removal of state ownership and privatization.

[Medvedev] The USSR president summed up the discussions which the leaders of the republics and members of the Cabinet of Ministers took part in.

Kvitsinskiy Named First Deputy Foreign Minister

LD1505170891 Moscow TASS in English 1658 GMT 15 May 91

[Text] Moscow May 15 TASS—The USSR Cabinet of Ministers has appointed Deputy Soviet Foreign Minister Yuliy Kvitsinskiy to be the first deputy minister of foreign affairs.

Kvitsinskiy worked at the Soviet Embassy in the German Democratic Republic in 1959-1969 and was deputy chief of the Third European Deparment of the Soviet Foreign Ministry in 1969-1978.

In 1978-1981 he worked as minister-counsellor at the Soviet Embassy in the Federal Republic of Germany. In 1981-1986 Kvitsinskiy was the Soviet Foreign Ministry's ambassador at large and in 1986-1990 worked as Soviet Ambassador in the FRG. He has been deputy minister of foreign affairs since 1990.

Voronin Appointed Representative to EC

LD1505172291 Moscow TASS in English 1712 GMT 15 May 91

[Text] Moscow May 15 TASS—The president of the USSR has appointed Lev Voronin, ambassador extraordinary and plenipotentiary, to be the permanent representative of the Soviet Union at the European Communities.

Vladimir Shemyatenkov, who filled this post previously, has been relieved of his duties in view of transfer to another job.

Voronin worked as the first deputy minister of the defence industry from 1979 to 1980, as the first deputy chairman of the USSR State Planning Committee from 1980-1985, as deputy chairman of the USSR Council of Ministers from 1985-1989 and as first deputy premier from 1989 to 1991.

Bakatin Stresses Preservation of Union

LD1605084291 Moscow Radio Moscow World Service in English 0800 GMT 16 May 91

[Text] The Soviet Union will be preserved as a united state. The belief was expressed by Security Council Member Vadim Bakatin. At the same time, he stressed that a renovated Union should be built on a voluntary basis. If, Bakatin said in a press interview, Lithuania, Latvia, Estonia, or any other republic refuses to be in the Union, it must not be held by force. Yet they should realize that economic relations with them will be built on different conditions than within the Union. Vadim Bakatin assessed the recent agreement between Mikhail Gorbachev and the leaders of nine republics on anticrisis measures as a sign that they are overcoming their differences and are ready for cooperation.

TASS Reviews Press for 16 May

LD1605074291 Moscow TASS in English 0650 GMT 16 May 91

["Soviet Press Review"—TASS headline]

[Text] Moscow May 16 TASS—Newspapers publish an account of the meeting in the Kremlin on Wednesday of the USSR Cabinet of Ministers, involving heads of republican governments, people's deputies and representatives of public organisations.

Participants discussed the draft programme for joint efforts of the Cabinet of Ministers and the governments of sovereign republics to haul the country's economy out of crisis.

President Mikhail Gorbachev, speaking at the meeting, noted that "the joint work enabled the federal and republican leaders to draft a document that can become an effective stimulus to production."

Under the headlines "Turning a New Page" and "On the Path of Good Neighbourliness and Trust" the press covers the official visit of Jiang Zemin, Chinese Communist Party chief and chairman of the Central Military Council of the Chinese People's Republic, to the USSR, which began on May 15.

Newspapers report that Jiang was received in the Kremlin by President Gorbachev and that the two leaders began talks focusing on Soviet-Chinese relations, which they examined in the broad context of the development of the situation in the modern-day rapidly changing world. Talks will continue.

PRAVDA publishes the speeches made by Gorbachev and Jiang at a dinner in the Kremlin in honour of the high Chinese guest.

Gorbachev expressed sincere "condolences over the death of Shintaro Abe. The telegram published by PRAVDA says that in the Soviet Union Shintaro Abe was known as a great politician, who was committed to improving Soviet-Japanese relations, a far-sighted politician, with whom the beginning of a new dialogue between our countries will always be associated.

The USSR Federation of Air Controllers' Trade Unions announced that air controllers would begin their timeless strike on May 21 if their key economic demands were not met. The RABOCHAYA TRIBUNA newspaper features an interview with federation Vice President Sergey Yevsyukov, who speaks about air controllers' demands.

A dispatch from Krasnodar published in PRAVDA analyses who benefits from sowing discord between collective farms and farmers. The newspaper emphasises that farming does not have a reliable economic and material base and queries why those who have been engaged for a long time in a monotonous and boring debate, calling from high rostrums for developing the private sector in Russia's agriculture, are unaware of this fact.

RABOCHAYA TRIBUNA allots space in its rubrick "Socialism in the Modern-Day World" to academician Aleksandr Yakovlev. His publication is titled "Struggle in the Name of Peace But Not Peace in the Name of Struggle."

In a KRASNAYA ZVEZDA interview, Tajik President Kakhar Makhkamov gave his assessment of the joint statement by the Soviet president and the leaders of nine republics on undelayed measures to stabilise the situation in the country and haul the country out of the crisis. Makhkamov said: "In signing the joint statement, which emerged as a result of strenuous work, I felt the nascent unification of millions of people in our country, who opted in favour of a new union of sovereign states."

RABOCHAYA TRIBUNA writes about the attitude to the joint statement in workers' collectives in Uzbekistan.

KRASNAYA ZVEZDA features excerpts from an interview which Soviet Defence Minister Dmitriy Yazov gave

to the Italian newspaper IL GIORNO. The material is titled "The Powerful Factor of Stabilisation." Yazov emphasised that the Soviet Armed Forces fully supported Perestroyka, democratisation and the renewal of life in Soviet society.

The Soyuz TM-12 spacecraft with the Soviet-British crew is scheduled to blast off from Baykonur cosmodrome on May 18 and will head towards the Mir space station. KRASNAYA ZVEZDA features a report from Baykonur cosmodrome, in which it presents the crew of the joint mission: Colonel Lieutenant Anatoliy Artsebarskiy, commander of the spaceship, flight engineer Sergey Krikalev and researcher cosmonaut Miss Helen Sharman, the 27-year-old representative of Britain.

SELSKAYA ZHIZN features materials devoted to the sowing campaign in the country and farmers' concerns. It published an interview with Nikolay Pimenov, head of a collective farm in Tatarstan, who noted, in part, that perestroyka enabled farmers to make a fuller use of a collective farm's potential.

The same newspaper printed an interview with Soviet millionaire German Sterligov, president of the firm Alisa and chairman of the Russian Club of Young Millionaires board. The newspaper writes: "Whether we wanted this or not but a new segment—millionaires—emerged in our society alongside workers, farmers and intellectuals." [sentence as received]

In the rubrick "Presidential Elections in Russia," the SOVETSKAYA ROSSIYA newspaper reports that according to V. Savakov, head of the initiative group to conduct Nikolay Ryzhkov's election campaign, the group collected about 600,000 signatures of electors in support of the former Soviet prime minister.

The newspaper TRUD published an interview with Anatoliy Kovalevskiy, chairman of the Federation of Ukrainian Independent Trade Unions Council, who thinks that workers need to consolidate their ranks to achieve victory.

Newspapers report that the Georgian parliament declared a state of emergency on the territory of Tskhinvali, comment on the results of Aleksandr Bessmertnykh's tour of the Middle East and write about unrest in the Belgian capital.

Pilots To Join 21 May Strike

LD1605093891 Moscow TASS in English 0921 GMT 16 May 91

[By TASS correspondent Nikita Marunov]

[Text] Moscow May 16 TASS—The Soviet National Association (trade union) of Civil Aviation Pilots has decided to stage a one-day warning strike next week in support of demands for trebled pay and increased pensions.

The decision was taken on Wednesday by the association's council, which comprises representatives of the Aeroflot state airline's 28 regional divisions.

According to association president A. Malinovsky, delegates from 22 divisions had come to the session with their pilots' consent to a stoppage on May 21.

Although it will coincide with a planned walkout by air traffic controllers the same day, the pilots' strike will be a completely independent action, association leaders stress.

Deputy Minister Says Situation 'Critical'

OW1505142091 Moscow INTERFAX in English 1530 GMT 14 May 91

[Text] The First Deputy Minister of the Interior Colonel-General Ivan Shilov has described the situation in the country as critical at a meeting between the leadership of the Ministry and law-enforcement workers—members of government bodies of different levels.

He said the crime rate has reached its highest mark since the end of the war. Economic crimes: embezzlement, theft, corruption and black marketing are an especially burning problem. "There is a mounting wave of crimes involving foreign currency and securities, banking transactions, illegal credits, the formation of fake joint-stock companies and cooperatives as well as swindling on an international scale".

265,000 economic crimes were registered in the country in 1990, a 20

rise compared to the previous year.

According to the deputy minister, the scale of the shadow turnover is steadily growing and amounts to at least 70 billion roubles a year.

The Interior Ministry lists as the main destabilizing factors the constitutional crisis, social tension, power struggle and inter-ethnic conflicts accompanied by violence.

General Shilov saw the way out in forming an effective system of executive government bodies. He spoke favourably of the formation of the presidential Security Council, the committee for coordinating the activities of law-enforcement bodies as well as the recently passed laws on militia and Interior Ministry troops.

However, Shilov stressed the necessity of passing laws on corruption, organized crime and illegal posession of arms.

Kalugin Fails To Return From U.S. Conference

PM1405122591 Moscow SOVETSKAYA ROSSIYA in Russian 14 May 91 First Edition p 4

[Report by V. Kondakov: "At Invitation of Moon's Church"]

[Text] A large group of Union and Russian legislators and eminent public scientific and cultural figures has visited the United States, where it took part in the "American conference of leaders." The 70 Soviet participants in the conference included People's Deputies L. Sukhov, A. Gurov, M. Tolstoy, RSFSR [Russian Soviet Federated Socialist Republic] Minister of Culture Yu. Solomin, RSFSR Deputy Minister of Education A. Tikhonov, S. Kozlov, secretary of the international "Scientists for Peace" association, and others.

The main aim of the conference was familiarization with the achievements of "Moon's Unification Church" and the creation of prerequisites for it to open new branches.

On 8 May the group of Soviet legislators returned home from the United States. Unfortunately, USSR People's Deputy Oleg Kalugin was not among them. What has happened to him? Individual members of the delegation voice the opinion that this could be a case of KGB machinations although they stipulate that this development of events is implausible. Nonetheless it remains a fact that of several dozen people's deputies one has not returned home and all the editorial office's attempts to ascertain the reason have produced no results.

Press Report Denied

OW1505123891 Moscow INTERFAX in English 2104 GMT 14 May 91

[Text] After the daily SOVETSKAYA ROSSIYA published on Tuesday an article stating that Oleg Kalugin, ex-general of the KGB, has defected to the United States, his wife Lyudmila described the article as containing "silly and groundless hints."

According to SOVETSKAYA ROSSIYA, it has tried but failed to find out why Mr. Kalugin was not on May 8 among the group of USSR and RSFSR People's Deputies returning from a conference in the U.S.

If's [INTERFAX] reporter has found a simple way out: He called the general's wife on the telephone only to hear that Mrs. Kalugina had had on May 8 a telephone conversation with her husband who had told her he would stay for a few more days in the U.S. to tackle a number of problems connected with his parliamentary activities. Specifically, he said he intended to establish contacts between the Cossacks of the Krasnodar region (whom he represents in the USSR Supreme Soviet) and the American Cossack community, as he had been asked. He also was scheduled to meet with the doctors attending to a 7-year-old Krasnodar boy with kidney problems.

According to Mrs. Kalugin, her husband intended to establish closer contacts with U.S. medics with a view to improving the health care system in the Krasnodar region. He told her he would be back in Moscow on May 15 or 16, after rounding out his business affairs in America.

More on TASS Production of Documentary Films

LD1505131891 Moscow TASS in English 1913 GMT 14 May 91

[Text] Moscow May 14 TASS—The Soviet news agency TASS, expanding its operations, has produced its first-ever full-length documentary.

Called "Latvia: An Instant Before the Future," it leads a host of other documentaries currently in the works, the next in line being a picture about Soviet Germans.

"The film debut was prompted not only by our desire to branch out into new fields of activity but rather by the information vacuum," says the agency's Deputy General Director Vyacheslav Kevorkov, who acted as a consultant in the project.

"We had been approached by many foreign reporters, in particular television correspondents, for information about developments in the Baltics. That was how the idea was born," he says.

It was implemented by the TASS audio and visual news service. One of the script-writers was Yuriy Sizov, chief of the agency's Russian-language World Service. Political commentator Mikhail Polyakov was the producer.

The team sought to evade propaganda stereotypes and journalistic cliches, attempting to elucidate what is happening in Latvia in good faith.

They made it a point not to foist their opinions on viewers, by giving an opportunity to speak out to representatives of different political forces and people seemingly far from politics.

The film features interviews with the leader of the Latvian Popular Front, the first secretary of the republican Communist Party, a farmer, a clergyman, and special operations troops.

Nearly all of them know two languages—Lettish and Russian. But they do not hear or understand one another. This may be the cause of the Latvian tragedy.

Economic

Aide Predicts Convertible Ruble Within 2 Years

LD1605080791 Moscow TASS in English 0743 GMT 16 May 91

[By TASS correspondent Vladimir Matyash]

[Text] Washington May 16 (TASS)—The Soviet leadership has decided to effect a fast transition to a market system and will soon launch a programme of economic demonopolisation, price liberalisation, and openness towards foreign capital. President Mikhail Gorbachev's visiting chief economic adviser said here.

Oleg Ozherelyev told reporters on Capitol Hill on Wednesday that the domestic trading industry, the consumer service sector, car service stations and a large share of agriculture will be privatised within the next 18 months.

He also revealed that the Soviet Cabinet is firmly intent on making the ruble convertible, and predicted that this will be achieved within one and a half to two years.

During his stay here over the past few days, Ozherelyev has held substantive business meetings with members of the U.S. Congress and entrepreneurs on possibilities to develop economic contacts and cooperation between the two countries.

During his Capitol Hill briefing, he said sweeping changes in the country have disrupted the normal course of events and ruptured some economic ties, causing difficulties in the Soviet economy, including shortages of foodstuffs and consumer goods.

This is why it is so important, Ozherelyev said, that the U.S. Congress, including the Senate, takes a generally positive attitude to the idea of a 1.5-billion dollar credit to the Soviet Union to buy food and farm produce in the United States.

"We think this will enable us to overcome our temporary difficulties and take a long stride towards a market economy," Ozherelyev said.

He said the Soviet Government is taking measures to create favourable conditions for foreign investment in the economy.

According to him, Gorbachev has issued instructions to draw up legislation to encourage and protect foreign financial inputs as soon as possible.

All Kuzbass Coal Mining Enterprises Working

LD1505120491 Moscow TASS in English 1131 GMT 15 May 91

[By TASS correspondent Grigoriy Shalakin]

[Text] Kemerovo (Western Siberia) May 15 TASS—All Kuzbass coal mining enterprises are working today after a strike. Railwaymen really feel the growing pace of coal production.

They supplied three thousand railway cars for coal daily yet until recently and now—twice as much. [sentence as received] The best indicators are those of enterprises of the Kuzbassrazrezugol concern, which were less idle during the strike than others. Kuzbass quarries produced over 50,000 tonnes of coal over and above assignment since the beginning of May alone.

Mine Workers Strike for Pay Raise, Control

LD1505122891 Moscow Central Television First Program Network in Russian 0900 GMT 15 May 91

[From the "Television News Service" program]

[Text] The POSTFAKTUM News Agency reports from Kirov that 1700 workers from the Vostochnyy mine of the Apatit Association have called a strike. They are demanding a pay rise, the transfer of the association to the jurisdiction of the Russian Federation, and a ban on the activity of political parties at the mine.

Committee Notes Miners' Strike's Failure

OW1505212491 Moscow INTERFAX in English 1803 GMT 14 May 91

[Text] At its Tuesday's session the council of strike committees in the Kuznetsk coal fields pointed out that the main goal of the miners' strike which went on for almost 2 months failed to be gained since their major demands that the USSR president step down, that the Supreme Soviet and the congress of USSR people's deputies be dissolved, that power be transferred to the Council of Federation, have not been met. Vasily Grinev, deputy chairman of the Kemerovo city workers' committee, told IF's [INTERFAX] correspondent.

Nevertheless, he said, the council views the results of the strike as satisfactory, even though spokesmen for several city committees, in particular those of Kemerovo and Leninsk-Kuznetsky, said that the strike had been poorly organized, since it was not joined by facilities of other industries located in the area. Besides, several local coal industry facilities failed to join the strike.

The council of strike committees of the Kuznetsk coal fields reaffirmed its intention to resume the strike on July 11 if the deadline for effectuating 3 documents: the statement signed by the USSR President and the leaders of 9 republics; the Doguzhiev-Skokov order to place coal industry facilities under Russia's jurisdiction; and the statement by an interparliamentary group outlining a mechanism for satisfying the miners' political demands, fails to be met.

According to V.Grinev, on Tuesday the mine "Taibinskaya" in Kiselevsk city and the pit "Kaz" in the south of Kemerovo Region were on strike. The miners demand that their managers be replaced.

Republics Discuss Joint Action Program

OW1505165591 Moscow INTERFAX in English 1230 GMT 14 May 91

[Text] Thirteen republican representatives (with the exception of Georgia and Estonia) are debating "The Program of Joint Action of the USSR Cabinet of Ministers and Governments of Sovereign Republics" in Morozovka, a place outside of Moscow.

Among the most controversial issues are the order of payments of Soviet internal and external debts, the distribution of national gold and diamond reserves among the republics, the denationalization and privatisation of property.

BUDGET AND FINANCES. Many have disagreed with a proposal tabled by republican representatives on May 1 to draw up national, republican and local emergency budgets for the second half of 1991.

Most of the republics fear the drafting of the budgets may take too long and drive the economy into deeper crisis. The Ukrainian and Belorussian representatives suggested the introduction of "a special regime of public expenditures" instead, yet no accord has been reached on this proposal either.

SOCIAL STATUS OF THE MILITARY. The republics were unanimous on the issue of allocating financial support for the military to improve their material well-being and social benefits. The money will come from "cuts in arms purchases and military construction, as well as from the re-use of obsolete and superfluous military equipment", the draft says.

SOVIET INTERNAL AND EXTERNAL DEBT. The republics tie the issue in with their shares in the national gold and diamond reserves.

Ukrainian Deputy Premier Victor Urchukin emphasised that Western banks shun the republican government because they doubt the republic's solvency.

The republics are insisting on sharing the burden of debt and knowing the precise amount of money they will have to pay.

According to the representative of Kazakhstan, the knowledge of one's debts will help the republican governments pursue a weighed and cautious fiscal policy.

An inter-governmental commission is to be set up to specify republican shares in Soviet internal and external debts, as well as the order of distributing the money paid by foreign countries to service their debts to the Soviet Union, and finally, republics' shares in the national gold and diamond reserves. The commission is expected to complete this work by July 1.

COMPENSATION. The financing of compensation measures required in connection with recent price rises sparked off a heated debate at the meeting. The republics of Central Asia maintain they put up retail prices in the hope that the center will make good on its promise of help in providing compensation. No assistance however has been offered yet, they said. They categorically demanded the center's complicance with this promise and threatened to review prices on raw materials if such assistance was not provided.

The Uzbek representative has emphasized that smaller retail trade businesses may be privatised together with the service sector, yet said that the specific nature of the Uzbek economy prevents it from denationalising industrial enterprises.

Speaking to IF [INTERFAX] correspondent Shukhrat Gafurov from Uzbekistan said the republican government does not oppose the movement to the market, yet fears are strong of the shadow economy taking over denationalised enterprises in a republic where the purchasing power of the majority of the population is extremely low.

Several other republics also voiced caution in discussing economic denationalization.

For his part, V. Shcherbakov said the transfer of the property from central control to republican jurisdiction will mean nothing but a change of labels, whereas what was really neded was the freedom of enterprise.

The debate that continued for many hours ended in adopting a proposal put forward by the Ukraine to sign in the second quarter of this year an agreement between the center and the republics separating the competence and powers of each side in property privatisation. The agreement will be based on the new Union treaty tackling the issue of property distribution between the republics and the center.

Economic News Agency To Be Established

PM1505153491 Paris BUSINESS IN THE USSR in English No 12, May 91 pp 64

[Unattributed report in the "Moscow Chronicle" column: "Economic News Agency"]

[Text] The Moscow Central Stock Exchange (MCSE) and the Russian Commodity and Raw materials Exchange (RCRME) are ready to establish a closed joint-stock society named The Economic News Agency. The agency will have exclusive rights for gathering and distributing information on the activities of the two exchanges and will do so through the media of the printed word, computer databases, audio and videocasettes and television. To begin with, the agency will provide information for the newspaper Ekho Delovoy Zhizni (Business-World Echo), will establish a computer bank with data on the RCRME, MCSE and other exchanges, and will prepare an assessment of the state of industries and markets in the Soviet Union.

The expert commission of the board of directors of the Moscow International Stock Exchange (MISE), registered six months ago with the Russian Federation's Finance Ministry, is considering applications for MISE shares. Under the Exchange's charter, Soviet and foreign organizations may become shareholders. Shares may be bought for roubles and foreign currencies at the commercial rate fixed by the USSR State Bank, as well as through exchange of property.

Businessmen Set Up Confederation in Moscow

OW1605075791 Moscow INTERFAX in English 0930 GMT 15 May 91

[Text] In Moscow associations of Russia's businessmen set up a confederation: a voluntary union of regional, trade and other associations of collective and individual entrepreneurs.

The rules of the confederation state that it aims to create favorable economic conditions for business activity. The confederation will engage in drafting programs and projects designed to build free market structures and promote foreign trade.

Confederation members have the right to be served on favorable terms by banks and other organizations set up in the framework of the confederation. They elected Russian People's Deputy V. Shumeiko president of their confederation.

Military

Italian Paper Interviews Defense Minister Yazov

PM1505203791 Moscow KRASNAYA ZVEZDA in Russian 16 May 91 First Edition p 3

[TASS translation of Italian newspaper IL GIORNO interview, place and date unspecified, with USSR Defense Minister Yazov: "Powerful Factor for Stabilization. From the Italian Newspaper IL GIORNO's Interview with Marshal of the Soviet Union D.T. Yazov, USSR Defense Minister"]

[Text] [IL GIORNO] There have been repeated warnings about dictatorship, not least from such prominent figures as Boris Yeltsin and Eduard Shevardnadze. Do you believe that the Soviet Armed Forces could really stage a coup?

[Yazov] Under the conditions of political pluralism, democracy, and glasnost currently prevailing in our country everyone is entitled to hold and express their own opinion. At the same time, statements by major political figures should feature a heightened sense of responsibility. As for the talk of a threat of dictatorship, I believe that it is a question of attempts to channel public opinion in a direction that is objectively opposed to the goals and tasks of perestroyka. Attempts are being made to depict even the legal measures needed to restore and strengthen constitutional order in the country, to stabilize the situation, to overcome the crisis, and to maintain public order as a "threat of dictatorship." But, after all, without all this, democracy cannot exist.

[IL GIORNO] However, deputies in uniform are indeed among those who have been foremost in their criticism of perestroyka and Gorbachev.

[Yazov] The Soviet Armed Forces wholly support the policy of perestroyka, democratization, and the renewal of Soviet society's domestic life. The Army is one of the most stable elements of statehood and a powerful factor for stabilization, guaranteeing the development of the democratic process in conditions of confrontation between different political systems, including extremists. That is why the mooted "threat of an Army-backed military coup" is an entirely groundless fabrication.

[IL GIORNO] The Soviet Army, which was extolled following the victory in the Great Patriotic War, became a target for sharp criticism following the events in Tbilisi, Baku, and Vilnius. Will the fact that it is increasingly often used to suppress interethnic conflicts and individual republics' nationalist demands distance it from society?

[Yazov] The criticism of the Army does not mean that its prestige has fallen. First, all constructive criticism is useful, and we willingly listen to it. Second, if criticism is destructive and aimed at besmirching the past and present of our Armed Forces, then it is not criticism, and our people are very well aware of that. They reject this kind of attack. The events in Tbilisi, Baku, and Vilnius are usually used as an excuse for anti-army conjecture. The participation in these events by military units is often distorted by both nationalist and destructive forces as well as by some of the mass media with the sole aim of whipping up anti-army feelings. As the saying has it, the truth will out. The truth about these events and about the real people to blame for these tragedies is becoming known. Thus, for instance, a memorandum from the USSR prosecutor general's office, which was recently published, stresses the legality of the military's action and its lack of any blame regarding the 9 April 1989 events in Tbilisi. That is the truth which attempts have been—and still are—being made to conceal from the public. I should stress that the army's participation in measures to restore and maintain constitutional order is one of its tasks.

[IL GIORNO] The Gulf war was a historic stage in the development of military hardware. Did it come as a surprise to the Soviet military leadership? Were they concerned about it? [question as published]

[Yazov] I would refrain from being overly enthusiastic. From the professional standpoint, the military hardware used by the multinational forces in the Gulf was mostly modern. But can it really be called "historic"? For instance, the M-1 and Challenger tanks and the F-18 Hornet and Harrier II aircraft have been in service for five or more years and are well known. Some people have been calling the Patriot air-defense missiles used to destroy Iraqi Scud tactical missiles a revelation. Even in this case the assessment is very much overdone. Even though the Patriot missiles were being used against long-since obsolete missiles, they were no more than 40-percent effective. I agree that this is a considerable figure, but it's nothing exceptional. Of course, certain kinds of weapons used against Iraq were interesting innovations. This applies to the sea- and air-launched Tomahawk cruise missiles, the F-117a (stealth) aircraft, and the Longbow all-weather systems for the Air Force.

Does all this cause any concern? Yes, but mostly in connection with the presence of a major center of military tension in direct proximity to Soviet borders. On the whole, we would like to end on a reciprocal basis the senseless "competition" to develop [sozdaniye] ultramodern means of mass destruction. And we categorically object to the use of any kind of technology to settle disputes.

[IL GIORNO] The domestic opposition, judging by slogans heard at recent rallies, is calling for a sharp cut in the military budget. Given the end of the "cold war," do you believe that the rapid conversion of the Soviet military industry is realistic? What is your opinion about the increasingly widespread rumors that the Soviet Armed Forces could possibly be included in the NATO system?

[Yazov] I do not consider it appropriate to comment on these rumors. All this is not very interesting and, above all, it is unconvincing. As for the "rapid" conversion of the Soviet military industry, allow me to put forward a few ideas. First, "rapid" conversion is impossible in any country either in theory or in practice. Except directly following an armed conflict and subsequent mass demilitarization, or in the event of the purposeful destruction of the military industry. I believe that under present conditions this would be, at the very least, thoughtless. Second, even today consumer goods make up almost half of the output produced by the Soviet military industry. By 1993 they will account for almost 65 percent. Third, conversion is a complex, multifaceted process which affects thousands of people. It is only possible if many social problems are resolved simultaneously and if considerable spending, which it will only be possible to amortize after six or seven years, is carried out. Our view of the prospects for conversion is bound up with this. At the same time, it should not be forgotten that conversion—like the cut in the military budget, incidentally—will lead to similar steps from the other side and active participation by all states in the disarmament process.

General Chernov Explains Tank Movement to Siberia

OW1505235991 Moscow INTERFAX in English 1816 GMT 14 May 91

[From "Diplomatic Panorama"]

[Text] DP [Diplomatic Panorama] said in its previous issue that the Soviet Chief of the General Staff of the Armed Forces Mikhail Moiseyev is flying to Washington on May 20. Acting on instructions from the Soviet President, he will take part in a sitting of expert panels for the analysis of the situation around the Conventional Armed Forces in Europe Treaty signed last November in Paris.

The USA and some other NATO countries have complaints concerning Soviet compliance with the treaty. They accuse this country of having moved a number of its tanks to Siberia and reassigned three motorized infantry divisions to naval guard, thus making them immune to the Paris treaty.

DP is under the impression after interviews with the USSR General Staff that Moiseyev himself and some of his colleagues in the military establishment are quite critical of some of the treaty provisions, and of the complaints against the USSR's compliance with the treaty.

"Any accusations levelled against the USSR are legally invalid," said Colonel-General Nikolay Chernov, deputy chief of the USSR General Staff. According to him, the movement of armour and the reassignment of the three divisions had taken place prior to the signing of the Paris treaty. The Soviet Union "was forced" to move part of its military equipment to Siberia, and not because it wanted "to cheat someone". Military production dropped 30

in the country, and the production of tanks "dropped even more, while in 1987 and 1988 the Defense Ministry commissioned 3500 tanks annually, the figure dropped to as low as 630 in 1991. At the same time, every year some 1400 tanks are struck off the inventory, primarily because of wear and tear.

To counter the trend, the Defense Ministry is laying in "a stock" of armour in Siberia. It serves to replace the obsolete vehicles, not to deploy a military grouping.

The Soviet Union has 41,000 tanks in Europe prior to the signing of the treaty and 21,000 at the moment of signing. The remaining 20,000 were moved to Siberia before the Paris summit. Of this number, 4000 old tanks were struck off the inventory, i.e., assigned for liquidation. 8000 were assigned for rearming and replenishment. 8000 tanks remain in storage, ready to replace the vehicles becoming obsolete in 1991-95. According to General Chernov, the Pentagon "would have no difficulty confirming these facts via satellite equipment".

Therefore, says the Soviet General Staff source, the movement of the tanks is in fact a no-issue. DP will take up the arguments of the Soviet military establishment in favour of having reassigned the three motorized infantry divisions to naval guards is the next issue.

Defense Ministry, Trade Unions Sign Agreement

PM1505134391 Moscow KRASNAYA ZVEZDA in Russian 15 May 91 First Edition p 1

[Unattributed report: "Army and Trade Unions: Agreement Concluded"]

[Text] In 26 April an agreement was signed between the USSR Defense Ministry and the Federation of Trade Unions of Workers and Employees of the USSR Armed Forces for 1991. A new step has been taken in the development of democratic principles in the relations of the Army and Navy with the trade unions.

The agreement has been concluded with a view to the effective protection of the socioeconomic interests and rights of Army and Navy workers and employees, improving production relations, raising labor productivity, and stepping up labor discipline.

Attaching importance to the implementation of the Agreement for 1991, the USSR defense minister has issued an order suggesting to the USSR deputy defense ministers, commanders (chiefs) of the categories of troops, and chiefs of the USSR Defense Ministry main and central directorates that they take specific steps for the timely and unconditional fulfillment of the projected measures.

The order also obliges the commanders in chief of the branches of the USSR Armed Forces, commanders of districts, groups of forces, fleets, armies, and flotillas, commanders (chiefs) of categories of troops, and chiefs of the USSR Defense Ministry main and central directorates that they accelerate work, where it has not been completed, on the conclusion of agreements for 1991 with the relevant trade union committees.

Control over the fulfillment of the measures envisaged by the agreement is assigned to the USSR Armed Forces Main Political Directorate.

Abuses of Military Transport Aircraft Noted

OW1605083791 Moscow INTERFAX in English 1500 GMT 15 May 91

[Text] A joint session of a number of committees and commissions of the Soviet parliament has discussed in Moscow bottle-necks and abuses of transport aircraft assigned to the defense ministry with Vassily Yerokhin, a member of the privileges and parquisites commission, citing numerous instances of abuses.

Inefficient operation of aircraft resulted in 50 million rubles of loses per year in those units only which were covered by inspections. Marshal Sergey Akhromeyev, Army General Valentin Varennikov, ex-member of the now dissolved Presidential Council Chingiz Aytmatov and many other membes of top brass and statesmen alike used military aircraft for personal purposes, for example, to take a holiday with their family members. In most cases, the multi seater aircraft returned to their home airports carrying no load.

Igor Ancheyev, head of a department in the People's Control Committee of the USSR, added that a large number of private flights and unreasonable trips abroad literally "ruin our military aviation".

Deputy Civil Aviation Minister Viktor Kurilo said that many military flights have been carried out by the defense ministry under the cover of "Aeroflot", including flights into Afghanistan, which calls into question the data on the military flights bill.

Sailors Recruited on Experimental Basis

LD1505144591 Moscow Radio Moscow World Service in English 1200 GMT 15 May 91

[Text] The first steps are made to implement the decision of the Soviet parliament to recruit men into the Navy on a contract basis. This is being done as an experiment.

Vice Admiral Kalabin said that in the Pacific Fleet it's planned to do this in a big group of surface ships fitted out with intricate equipment and hardware. At first the contracts with the sailors will be concluded for a term of two and half years. In that period they will be getting bigger pay and enjoy various privileges and benefits.

Experts believe that the present experiment is a step towards a professional army in the Soviet Union.

Military-Political Academy Chief Dies

PM1605092591 Moscow KRASNAYA ZVEZDA in Russian 15 May 91 First Edition p 6

[Obituary of Lieutenant General I.I. Yurpolskiy (retired)]

[Excerpts] Doctor of Military Sciences Professor Lieutenant General Ivan Ivanovich Yurpolskiy (retired), a veteran of the Great Patriotic War, has died after a serious illness. [passage omitted]

I.I. Yurpolskiy was born 23 August 1919 in the village of Potash, Talnovskiy Rayon, Cherkassy Oblast, in the family of a teacher. [passage omitted]

In 1966 he became first deputy commander of the Transcaucasus Military District and in 1974 deputy chief of the V.I. Lenin Military-Political Academy. [passage omitted]

[Signed] V.I Varennikov, V. L. Govorov, N.F. Kizyun, V.M. Kozhbakhteyev, G.V. Kochkin, G.V. Sredin, N.N. Dolgin, O.V. Zolotarev, A.G. Sitinkov, N.M. Suraykin, B.I. Chernichko, V.S. Nechayev, A.M. Overchuk.

Baltic Republics

Baltic Republics Disagree With Union on Finance

OW1505184691 Moscow BALTFAX in English 2130 GMT 14 May 91

[Text] Latvia's Finance Minister Elmars Silins has told the newspaper DIENA that last Friday's conference of the Baltic Finance Ministers in Vilnius failed to narrow the differences among Estonia, Latvia and Lithuania as to their future financial relations with the USSR.

Lithuania is known to have maintained no budgetary contacts with the Soviet Union since January 1, whereas Estonia and Latvia think it possible to support certain national programs from their state budgets.

Lithuanian Finance Minister Elvyra Kuneviciene has told BF [BALTFAX] that "drawing up a budget is a country's internal affair, and one can only speak of allocating funds for specific programs on a contract basis and on mutually beneficial trems. For the moment, we have no such programs."

Estonian Finance Minister Rein Miller told BF that his republic is ready to pay 150 million rubles to the Soviet Union to finance the oil, machine building and some other industries. At the same time, the USSR is hoping to receive 3 billion rubles (i.e., 2,000 rubles per citizen) from Estonia, which, according to Mr. Miller, is "an absurdly large sum", considering his republic's moderate incomes and the fact that Estonia raised retail prices and is paying compensation to its residents independently.

Latvia, too, is invited to "pay a bill" of 3-odd billion rubles at a time when it is ready to allocate 340 million for a number of national programs.

The next conference of the Baltic Finance Ministers is due to be held in Estonia in June and focus on the budget concepts of the three republics which intend to work out a single budget policy. Estonia, Latvia and Lithuania are also drafting a treaty expected to prevent double taxation.

Estonia's Miller Criticizes Anticrisis Plan

OW1605065791 Moscow BALTFAX in English 1800 GMT 15 May 91

[Text] Estonia's finance Minister Rein Miller maintains that the Soviet Union's anticrisis program contains a provision quite harmful to the Baltic republics"—notably, that once the new Union Treaty has been signed, the USSR will treat the nonsignatory republics differently from the way it will treat those which have signed the teeaty. In his interview with BF [BALTFAX] Mr. Miller, who attended Wednesay's enlarged meeting of the USSR Cabinet of Ministers, said that "The Soviet Union would be able to set export and import taxes at so high a level that the products manufactured in the Baltic republics would just not be competitive either in the USSR or in the West, since the flow of goods across the Baltic borders would be under Soviet control."

According to Mr. Miller, the issue has to be coordinated with Soviet Premier V. Pavlov without delay. The Estonian minister insists that the USSR should either refrain from imposing higher taxes or open the Western border, for the Baltic republics to be able to sell their goods, including raw materials obtained from the USSR, to foreign buyers.

R. Miller said there is an arrangement for Premier Pavlov to meet with his Estonian opposite number Edgar Savissar next week.

Since the anticrisis program envisages that the Soviet Union's internal and external debts be split among the republics before the third quarter of this year, Mr. Miller continued, Estonia is ready in principle to pay off its share of the debts. But prior to that, it would be necessary to size up the USSR's hard-currency expenditures on the Estonian economy to determine how much the republic must pay.

Estonia Considers Bill on Compensating Emigres

OW1505171991 Moscow BALTFAX in English 1232 GMT 14 May 91

[Text] On Monday the Estonian parliament considered a bill on compensation to people emigrating to other republics of the USSR. In particular their houses of apartments will be sold at an auction and they will receive part of the money.

Before the program of housing privatisation in Estonia gets underway only a right to inhabit the apartments will come up for sale.

The bill will now be amended in the relevant parliamentary commission.

The question of compenstion for those emigrating to the West was also raised at the parliamentary session, yet according to MP [member of parliament] Toomas Kork, those people "are happy as it is".

The number of people leaving Estonia for other Soviet republics has been rising steadily in the last two-three years. In 1988 for the first time in history more people were leaving the republic than coming to it. The Tallinn municipal council has set up a housing exchange service for all those wishing to leave for the USSR.

Latvian Legislature Passes Compensation Law

LD1505212891 Riga Radio Riga International in English 2030 GMT 15 May 91

[Text] The Latvian parliament has today passed a law saying all former land owners and their ancestors who lost their farms after the annexation by the Soviet Union and willing to take it back today for agricultural use are to receive compensation in certificates. The amount of compensation, according to legislators, should be large

enough for a person receiving it to be able to acquire property similar in value to that owned until 21 July 1940.

Riga Prepares for Future Talks With Moscow

OW1505122791 Moscow BALTFAX in English 2132 GMT 14 May 91

[Text] As BF [BALTFAX] has already reported (see today's news bulletin for 15:30), the Latvian and Soviet delegations are scheduled to hold a second meeting on May 23 to discuss, among other issues, the presence of Soviet Army troops on Latvian territory.

Latvian leaders earlier said they think it necessary for these troops to be withdrawn over the next two years.

The chief of Latvia's National Security Department, Janis Baskers, has told BF that Moscow is unlikely to agree to pull out its troops from his republic within so short a time, if only "for purely practical considerations."

Latvian Deputy Premier Ilmars Bisers told the government commission on defense and interior affairs that "Latvia would like, as a matter of priority, to determine the status of USSR Armed Forces on its territory, and also to set a deadline for their return-home."

The forthcoming meeting of Soviet and Latvian negotiators is expected to settle the problem of the existence of two Procurator's Offices—of the Latvian Republic and of the Latvian SSR—on Latvian territory. They emerged as separate structures after the republic proclaimed a course toward the restoration of independence on May 4, 1990, and have never recognized each other, nor cooperated in disclosing crimes.

The Latvian delegation intends to discuss a treaty of cooperation between the Interior Ministries of Latvia and the USSR. A draft treaty to that effect already exists, having been prepared by the Latvian Interior Minister Alois Vaznis and his Soviet colleague Vadim Bakatin, but it has never been signed because of Bakatin's replacement last year by Boris Pugo.

Latvian People's Front Drafts Withdrawal Plan

LD1505121691 Riga Domestic Service in Latvian 0430 GMT 15 May 91

[Text] Anticipating the continuation of the consultations between Latvia and Moscow to clarify mutual relations, the People's Front faction in the Supreme Council has completed working out a draft plan for talks on the withdrawal of the Soviet Army from Latvia. The People's Front's draft provides for carrying it out over two years, turning Latvia into a demilitarized zone. In the interval, agreement is to be reached on allotting special status to the Soviet Army deployed in Latvia. The Baltic Soldiers's Association, formed this year, which unites the officers of units stationed here, has categorically opposed any defining of the status of the Army, which would automatically call into question the inclusion of Latvia in the composition of the Soviet Union. While the officers are thus trying to defend their interests to remain in the civilized Baltic way of life, evidently the question will have to be decided at the level of government talks. About the People's Front draft, the leader of the Defense and Internal Affairs Commission of the Supreme Council, Islavs Jundzis, says:

[Begin Jundzis recording] It is expected that the USSR Armed Forces must be withdrawn from Latvia over two years. First, it is expected that the internal Armed Forces, the USSR internal Armed Forces, will be withdrawn. Later those troops that are intended for attacks, the paratroop units and various others, will be withdrawn. At the same time, Latvia reserves the right to form its national defense and border defense formations, and to fully put the defense of its borders into the hands of the Republic of Latvia. After the withdrawal of the troops, it is expected that Latvia will become a demilitarized zone, which corresponds to the program of the People's Front of Latvia. In this plan it is also expected that the Soviet Union must fully compensate for the damage done to the Republic of Latvia, starting with the annihilation of the Latvian National Army in 1940 and losses resulting from that, as well as all accounts in the USSR military budget. Until the withdrawal of the troops, it is expected that Latvia must state, if it can be done, the provisional status of the USSR Armed Forces. Here are the two main principles: First, noninterference in the internal affairs of the Republic of Latvia; and second, observation of the laws of the Republic of Latvia. [end recording]

That was Deputy Talavs Jundzis. It can be added that yesterday in Riga rayon, on the Cesis and Valmiera side, military vehicles started running. Army posts stand along the roads. The duty officer of the Baltic Military District explained that there is no cause for alarm. Training has begun, and it is scheduled to last until 1 June. Unfortunately, the militarists did not deem it necessary to report the training to the civil institutions or the residents.

Latvian OMON Special Unit Issues Warning

OW1605083391 Moscow BALTFAX in English 1230 GMT 15 May 91

[Text] The newspaper of Latvian communists "SOVETSKAYA LATVIA" published Wednesday a statement by Latvian OMON [Special Purpose Militia Detachment] special unit protesting against the recent attempt on former chief of the unit Cheslav Mlinnik. It calls the attempt made on May 4—the day of the independence Declaration's anniversary—"a political provocation and a very grave crime".

The statement warns that in case of further escalation of tension and violence by pro-nationalist and pro-fascist forces in Latvia, OMON, loyal to oath, the Soviet and Latvian Constitutions, will carry out the decrees by the

USSR President on disbandment of all illegal military groupings in the repulic in order to guarantee peaceful life for its citizens."

On the same day commander of the Vilnius OMON force Boleslav Makutinovich said in the USSR Defense Ministry's newspaper "Krasnaya Zvezda" that currently OMON "is documenting the activities of illegal military groupins" who, in his opinion, "are preparing for military actions". B. Makautinovich warns that "all criminals will be detained and initiators of illegal actions denounced".

Communist Groups' Strike Committee Holds Meeting

LD1505222491 Riga Domestic Service in Latvian 1730 GMT 14 May 91

[Excerpt] At the Public Political Center today, the republic's strike committee formed by the Communist Party, Interfront, and other similar organizations was summoned for a discussion by representatives of work collectives. The meeting was attended by 125 people from 37 enterprises and organizations. The topic of discussion was the fact that the Supreme Council has not reacted to the demands presented by the strike committee on 4 May on price reductions, the signing of the USSR treaty, and other things. It became clear at the start howevever, that the Supreme Council has not ignored these demands. As the "Vremya" program asserts, quite the contrary. The question is being (?taken up) for discussion at the presidium session.

Interfront leader Igor Lopatin, Anatoliy Alekseyev, and several others, however, held a general discussion on the dangerous situation in working life in Latvia at the moment. An open [word indistinct] was taken on the spot; for example, only about 20 percent of grain seed has been sown in Latvia, they said. [passage omitted]

'Black Beret' Attacks Reported in Lithuania

LD1505225491 Vilnius Radio Vilnius in English 2130 GMT 15 May 91

[Text] The Lithuanian customs control is expanding its network and is out to increase its influence, which evokes new provocations of the pro-Moscow forces.

At today's briefing in parliament especially outrageous attacks of the so-called Black Berets against a checkpoint on the border with Belorussia were reported.

On Sunday a car from Belorussia pulled up at the checkpoint. The men, in camouflage uniforms, were armed with automatic guns used by paratroopers. One of them forced the unarmed customs and country defense officers, over 10 men in all, to line up at the roadside and started firing over their heads. Luckily no one was injured and the uninvited guests withdrew. The following day, on Monday, the same members of the Black Berets unit attacked the men of the checkpoint's same shift but at a bus terminal in the district's center on their way back to Vilnius.

Five men armed with automatic guns arrived in a car, pulled out several men from the bus, and threatened to shot them. The incident was witnessed by a number of people. That was about 1000 in the morning. And at 1600 the same group again visited the checkpoint and threatening with guns robbed the country's defense officers of their rubber clubs and belts.

The head of the country defense department's frontier control service contacted the Black Beret's headquarters in Vilnius and made a strong protest. However, the chief of the Black Beret's unit, (Bolisvo Mikutinovich), phoned him later on to deny the participation of his subordinates in the above attacks.

According to head of the Lithuanian border control service one has the impression that the Black Beret gangs are even more often acting on their own, unauthorized by their leadership, and the danger to society is therefore only increasing.

Meanwhile a dispatch from Klaipeda said that a customs checkpoint has been opened at the Palanga Airport. Customs checkpoints will presently be set up at the Klaipeda seaport, the railway stations in Klaipeda and Kretinga, in Nida on the road to the Kaliningrad area, and in Butinge on the border with Latvia. Procurator General of the Republic of Lithuania Arturas Paulauskas has not ruled out the possibility that the Black Beret's provocations against civilians and state institutions will meet with a resolute refuff.

Today, answering journalists' questions the procurator general explained that the republic's laws do not forbid the use of firearms in guarding and defending key state facilities.

Lithuanian Official Criticizes OMON Actions

LD1505190891 Vilnius Radio Vilnius in Lithuanian 1700 GMT 15 May 91

[Text] Lithuanian Procurator General Arturas Paulauskas has expressed himself for more resolute action against the Special Purpose Militia Detachment [OMON] and the plundering gangs of soldiers.

Speaking at today's briefing in the Supreme Council, he noted that the Ministry of Internal Affairs is still waiting for directives from the government and legislature, although everyone knows in what cases and when arms may be used. All this is regulated by the recently adopted police law, and it must be implemented. Resoluteness will cool down hotheads and, not being rebuffed, the OMON will be even more impudent. This has been demonstrated by recent events.

The procurator general noted that although the general procuracy of the Republic of Lithuania is investigating all incidents when weapons or violence are used, this investigation will not yield more tangible results because the OMON categorically refuse to give evidence or be interrogated. By the way, the OMON, it seems, has

adopted yet another profession—to defend and protect suspects. For instance, republican law and order officials have been prevented from carrying out a search at the apartment of a person connected with a routine case because he appealed to the OMON for help.

Replying to a question about events in Zirmunai [passage indistinct].

Lithuanian Government 1 May Session Reported

PM1505123191 Vilnius EKHO LITVY in Russian 3 May 91 p 1

[ELTA report: "Lithuanian Republic Government Session"]

[Text] A Lithuanian Republic government session chaired by Prime Minister Gediminas Vagnorius was held 1 May.

Government members honored the memory of former Lithuanian Republic Foreign Minister Juozas Urbsis with a minute's silence. It was decided to inter Ju. Urbsis at the state's expense. A state commission was formed to organize the funeral.

A provision for auctions for privatizing state property was presented and confirmed at the government session.

The draft Law on State (Stamp) Duty was discussed at the session. Various taxes and duties are determined by this law, for services involving registration and documentation covering deeds of gift, inheritance, registration, licensing, and other similar documents.

Agriculture Minister Rimvidas Survila gave a report on the drafting of the Law on Privatizing Lithuanian Republic Agricultural Enterprises' Property. The government had entrusted the Ministry of Agriculture with the task of verifying on an experimental basis the action of this draft law's basic provisions in several regions.

Veterinary protection of the Lithuanian Republic's territory and the administrative services that will carry out these functions were discussed at the session.

Government members listened to information on paying the difference on revalued goods into the budget, and on recalculating prices for nonfood goods. A corresponding resolution was adopted.

A resolution was also adopted establishing a procedure for trading using freely convertible currency.

A resolution was adopted on a procedure to reorganize (abolish) production associations, which have been assigned to the self-governing sphere of control.

At the government session a draft resolution on concessions in the building of individual and cooperative dwellings was presented. A government decision will be adopted later.

Government members also discussed a number of other questions.

Session Continues 2 May; Proceedings Reported

PM1505122391 Vilnius EKHO LITVY in Russian 4 May 91 p 1

[ELTA report: "At the Republic Supreme Soviet Session"]

[Excerpt] The Lithuanian Republic Supreme Soviet session resumed work 2 May. At the morning plenary session, the Law on State Social Insurance was adopted article by article. State social insurance is defined essentially as a system of socioeconomic measures established by the state, offering insured people and in certain cases their family members too the resources and services necessary to live. Articles were adopted defining types of state social insurance, categories of persons entitled to social insurance, instances in which assistance is granted for temporary inability to work, and the duration of the payments.

Two draft resolutions were presented to the deputies: "On the Partial Adjustment of the Jieznas and Birstonas Village Borders in Prienai Rayon" and "On the Status of the Lithuanian Police."

The Lithuanian Republic Law on Prohibiting and Restricting Foreign Investment Spheres of Activity and a resolution on enforcing this law, both of which had been discussed earlier, were adopted. A resolution amending the Supreme Soviet 29 December 1990 Resolution "On the Procedure for Enforcing the Lithuanian Republic Law on Foreign Investments" was also adopted.

Article-by-article approval of the Law on Privatizing Apartments continued. Discussion followed the proposal by Gediminas Ilgunas , chairman of the Commission on Education, Science, and Culture, on additional benefits for creative workers acquiring apartments. The majority of deputies came out against this proposal.

At the evening session, after a presentation by Supreme Soviet Secretary Lyudvikas Sabutis, the third session's May-June work schedule was confirmed. There are plans to discuss approximately 50 draft laws and resolutions. Plenary sessions will take place every Tuesday and Thursday, while every Wednesday there will only be a morning session.

Kazimieras Antanavicius, chairman of the Economic Commission, submitted for discussion a draft resolution "On the Procedure for Using One-Time State Payments and Other Specially Designated Compensations to Cover Loans to Build Cooperative and Private Houses (Apartments)." It was decided that the draft should be approved on first reading and presented for a second reading. [passage omitted]

Presidium Accepts Draft Constitution for Debate

PM1505104991 Vilnius EKHO LITVY in Russian 4 May 91 p 1

[ELTA report: "In the Supreme Soviet Presidium"]

[Text] A republic Supreme Soviet Presidium session has been held, with Supreme Soviet Chairman V. Landsbergis in the chair.

The session discussed the draft concept of the new Lithuanian Constitution, which was drawn up by a working group. After adopting the draft, the Presidium decided to publish it in the press for general discussion through 1 August this year.

The Presidium examined the question of the forcible and illegal resettlement of Lithuanian inhabitants from one region to another in 1951 and 1952 as well as these citizens' property rights. The government will be asked to define the scale of damage inflicted on these people with a view to possible compensation claims.

The session examined a Lithuanian Workers' Union Secretariat appeal indicating that prosecutor's office personnel in certain cities and rayons are failing to oversee and monitor compliance with labor laws satisfactorily. Republic Prosecutor General A. Paulauskas presented information on this question.

The Presidium also discussed a range of questions scheduled for examination at the third Supreme Soviet session in May and June.

Vilnius Militia Commander's Statement Reported

PM1505160591 Moscow KRASNAYA ZVEZDA in Russian 15 May 91 First Edition p 5

[Report by Captain Second Rank V. Gromak: "Special Militia Detachment Commander's Statement"]

[Text] Vilnius—Recently the Lithuanian Republic legislature and government have launched a frenzied campaign against the Vilnius Special Militia Detachment. Boleslav Makutynovich's fighters are accused of every mortal sin. The Special Militia received information at the end of April that certain forces from the ranks of the illegal armed groups and organizations were preparing to carry out actions using firearms. With a view to drastically aggravating the situation and provoking bloody conflicts among the population, they are planning to open fire on gatherings of people, especially in the regions where there are establishments which have been taken by or are under the control of subunits of the Soviet Army and the USSR Internal Affairs Ministry.

In this connection the Special Purpose Militia commander issued a statement. It says in particular: "The Special Purpose Militia subunit which I command is taking measures to record and document these actions by the thugs and also to arrest the criminals with a view to exposing the true initiators and inciters of illegal actions."

Lithuania's Vagnorius Cited on Economic Reform

OW1505113391 Moscow BALTFAX in English 1530 GMT 14 MAY 91

[Text] In an interview for the Lithuanian newspapr TIESA, the republic's prime minister Gadimanas Vagnorius said that he supported proposals to coordinate economic reform programs in the USSR. Speaking about the direction such efforts should take he said, "We have to work out how to free ourselves from dependence on the USSR not by breakilng all trade links but by develoving control over the economy."

He expressed surprise over the fact that both Estonia and Latvia had opted to stay in the Soviet finance and credit mechanism and said that he did not wish to see Lithuania follow suit. "While we are ready to negotiate with the USSR on questions of mutual concern, we are not prepared to pay the price which the Soviet Government is asking".

'Forum' Studies Lithuanian-Soviet Relations

OW1605075591 Moscow BALTFAX in English 1500 GMT 15 May 91

[Text] The Forum for the Future Lithuania, a coalition opposing the Lithuanian parliament, has made public "The principles of strategy in political and economic relations with the Soviet Union". The Forum, which includes several political parties and organizations, intellectuals, and former officials, favours a more flexible policy in dealing with the USSR.

The document says the Lithuanian Parliament and Government failed to begin constructive talks with the Soviet leadership. In opinion of one of the forum's leaders, the Lithuanian Parliament's demands that the Soviet leadership immediately recognize Lithuania's independence are unrealistic and its aim at reaching compromises only after such recognition is senseless. The way to independence without compromises may plunge the Lithuania's economy into chaos for a long period of time (10-15 years), say members of the forum.

The document notes that the Lithuanian leadership's policy for gaining full independence is not flexible enough and irrational.

The Forum intends to discuss and then present to Moscow the proposal about signing a short-tem accord (for 3-5 years) on cooperation between Lithuania and a new Union.

RSFSR

Yeltsin Continues Czechoslovakian Visit

Addresses CSFR Assembly

LD1405173291 Moscow TASS in English 1645 GMT 14 May 91

[By TASS correspondents Igor Shamshin and Anatoliy Shapovalov]

[Text] Prague May 14 TASS—"In relations with other countries we proceed from the principle of positive intentions and preclude aims that can prove harmful to our partners," Russian President Boris Yeltsin stressed when addressing deputies in the House of Nations of the Czechoslovak Federal Assembly.

Yeltsin said he viewed his official visit to Czechoslovakia as a major new landmark in the development of relations between the peoples of Czechoslovakia and Russia.

Russia's right to independent international contacts is laid down in the present constitutions of the Union of Soviet Socialist Republics (USSR) and the Russian Soviet Federative Socialist Republic (RSFSR). In a renewed union soviet republics will mostly act independently in their foreign relations in the political, economic, cultural and other spheres. According to Yeltsin, partners of the Russian Republic will not have to face the choice between the union and Russia. The development of relations with the USSR presupposes a dialogue with both the central leadership and republics.

"We categorically reject the approach from positions of strength in international relations. Russia leaves in the past the chase after the status of a military superpower, the drive for political domination and imperial impudence," Yeltsin said. New approaches to foreign political activity are a result of major changes now under way in the Soviet Union.

The Russian parliament leader told the deputies of the Federal Assembly about the process of transformations in the Soviet Union and dwelled on the difficulties which the country's economic reforms ran against. The contrast is immense between the relatively well- developed heavy industry and the extremely neglected social sphere, he stressed.

Economic reforms call for a number of social protection measures. One of such measures is an effective employment policy [sentence as received]. The Russian parliament has already adopted a relevant law. It envisages assistance to the least protected layers of the population and protection of the living standards of people with fixed salaries. Deep changes in the ownership system are the central problem of economic reforms. All kinds of ownership shall be granted equal opportunities and be equally protected.

"This year, we intend to begin the privatisation of major enterprises so as to transfer up to 30 per cent of all state-owned property to joint-stock societies, cooperatives and private owners within the next two or three years," Yeltsin said.

The Russian leadership proceeds from the assumption that the success of economic transformations can be ensured only in conditions of corresponding reforms to the political system. The introduction of executive presidency in Russia will be the first major action in changing the republic's executive structure.

In this connection, Yeltsin denied allegations that this move by the Russian Federation was of danger for the integrity of the Soviet Union and threatened to aggravate instability in the world.

On prospects for European unification the Russian president noted that the European economic integration should not stop at the Ural Mountain range. Russia proposes forming a single Eurasian economic space and is prepare to play the role of an East-West bridge.

"We are much interested in the development of various forms of international cooperation, in attracting foreign investments, latest technologies and advanced foreign experience," Yeltsin said. A number of measures, including legislative, are now being taken for the purpose.

In closing, Yeltsin praised the constructive role played by Czechoslovakia in the Helsinki process. He pointed to the continuance between the 1968 Prague Spring events and the present reforms in the Soviet Union. According to Yeltsin, a declaration of mutual relations and cooperation between Czechoslovakia and the Russian Federation must provide a base for productive interaction between the two countries in the future.

Also today, Russian leader Boris Yeltsin and Chairman of the Federal Assembly of Czechoslovakia Alexander Dubcek signed a declaration on mutual relations and cooperation between Czechoslovakia and the Russian Soviet Federative Socialist Republic. Aware of the common responsibility for the preservation of peace in Europe and the world, convinced of the need to build a new Europe united around the values of humanism and democracy, taking into account deep political and economic changes in both countries which open new possibilities and facilitate the intensification of mutual relations and cooperation, the sides, the declaration stresses, declare the following: Their mutual relations are based on principles and norms of international law, including principles of sovereignty, equality, non-interference in internal affairs and mutually beneficial cooperation.

Interacting in international organisations, of which they are or will be members, the sides will contribute to the peaceful settlement of international conflicts, the development of democratic political systems, as well as cooperate in the process of creating single economic and legal space in Europe.

The sides will encourage and deepen cooperation in the economic field, facilitate the creation of favourable conditions for the development of modern forms of trade exchange, economic, scientific and technical cooperation based on principles of mutual benefit. With this in mind they will also promote direct links between legal and natural persons engaged in entrepreneurship.

Czechoslovakia and the Russian Federation will seek to develop wide, open bilateral relations and business contacts at different levels, including contacts between political parties and movements, churches and religious associations, trade unions and cooperative organisations, youth, women's and creative unions, interest groups, sport and other organisations.

The sides will take steps aimed at streamlining administrative procedures and practice of contacts between citizens, first of all for purposes of economic, scientific, technical and cultural cooperation. They will encourage the expansion of tourism and the growth in numbers of specialists sent to the other country to study or upgrade their skills.

The declaration expressed readiness to open on a mutual basis offices representing their interests at the date agreed by the sides.

On the same day, Czechoslovak Foreign Minister Jiri Dienstbier and Russian Foreign Minister Andrey Kozyrev signed a protocol on cooperation between their ministries.

Stresses Economic Ties

LD1405173991 Moscow TASS in English 1720 GMT 14 May 91

[Report by TASS correspondent Igor Shamshin]

[Text] Prague May 14 TASS—Russian leaders place priority on economic contacts with Czechoslovakia and the Czech lands. Russian parliament speaker [as received] Boris Yeltsin said today.

He was speaking at a meeting with his Czech counterpart Dagmar Buresova and Czech Prime Minister Petr Pithart. The two-hour discussion, which involved also other Czech republican leaders, covered prospects for economic cooperation between the Czech lands and Russia.

Yeltsin invited Buresova to pay an official visit to the Russian Republic.

Also today, Russian First Deputy Premier Yuriy Skokov and Czech Deputy Prime Minister Frantisek Vlasak discussed a draft treaty on Czechoslovak supplies to Russia, which is expected to be signed soon.

Declaration Signed

LD1405153791 Moscow All-Union Radio Mayak Network in Russian 1500 GMT 14 May 91

[Text] A joint declaration on the principles of mutual relations and cooperation between the Russian Soviet Federated Socialist Republic and Czechoslovakia has been signed. It bears the signatures of Boris Yeltsin and Alexandr Dubeck. In the course of the meeting the intention was also expressed to open missions on a mutual basis.

'Satisfied' With Prague Talks

LD1405173691 Moscow TASS in English 1719 GMT 14 May 91

[by TASS correspondent Anatoliy Shapovalov]

[Text] Prague May 14 TASS—President of the Russian parliament Boris Yeltsin, who is in Czechoslovakia on an official visit at the invitation of Czechoslovak Federal Assembly Chairman Alexander Dubcek, departed from Prague for Bratislava today.

"Our short visit to Prague was very fruitful," Yeltsin said before the departure. "I am satisfied with the results of the talks. There was a substantive and fruitful dialogue with Vaclav Havel, Alexander Dubcek and the leaders of the Czechoslovak government and Czech Republic.

"Meetings and talks show us that Russian-Czechoslovak cooperation has promising prospects now that the atmosphere of mutual trust is emerging in Europe, taking into account new conditions shaping up in our countries and all over the world."

A strong and long-term basis to develop bilateral relations in various spheres underlies the declaration on the principles of mutual relations and cooperation, which was signed today.

This document also provides possibilities for cooperation in the international arena.

"We regard the development of mutually advantageous and stable relations with Czechoslovakia as an important area of our policy and a significant element for strengthening understanding between European nations," Yeltsin stressed.

At the airport Yeltsin and his party were seen off by Dubcek and Czechoslovak Deputy Foreign Minister Zdenek Matejka.

Yeltsin is accompanied by Soviet Ambassador to Czechoslovakia Boris Pankin on his trip to Slovakia.

Ends Visit, Departs

LD1405212491 Moscow TASS in English 2116 GMT 14 May 91

[By TASS correspondent Vladimir Beskromny]

[Text] Bratislava May 14 TASS—President of the Russian Parliament Boris Yeltsin visited Bratislava this afternoon.

He met Slovak Prime Minister Ivan Carnogurski, Vice-President of the Slovak Parliament O. Keltosova and L. Nad. The sides discussed the development of economic and other contacts between the two republics.

Describing the talks at the subsequent news conference, Yeltsin called them fruitful and interesting.

Noting that his visit to Czechoslovakia would have been incomplete without a trip to Bratislava, he said that the sides reached understandings on direct cooperation between Russia and Slovakia.

"Our diverse direct relations is a historic necessity," Yeltsin stressed.

He conveyed an invitation to Czechoslovak President Vaclav Havel and chairman of the Czechoslovak Federal Assembly Alexander Dubcek to visit the Russian Federation on an official visit. The invitation was accepted.

Yeltsin also said that he invited the leaders of the Slovak Parliament and Government to visit the Russian Federation on an official visit, during which the sides will possibly sign an agreement, which will include issues of cooperation in the economy and other spheres.

Provision is also made for drafting a programme to develop contacts between the Russian and Slovak Parliaments.

Yeltsin and his party laid a wreath at the monuments to Soviet soldiers on the Slavin Hill.

The president of the Russian Parliament departed for Moscow from Bratislava in the evening.

Sobchak To Be Yeltsin Agent During Campaign

LD1505122691 Moscow Central Television First Program Network in Russian 0900 GMT 15 May 91

[From the "Television News Service" program]

[Text] According to a report by the POSTFAKTUM News Agency, Anatoliy Sobchak, chairman of the Leningrad Soviet, has accepted Yeltsin's proposal to become his agent in Leningrad during preparations for and the holding of the elections for president of the Russian Federation.

Further Reportage on Communist Party Plenum

Sokolov Gives Address

PM1505105791 Moscow SOVETSKAYA ROSSIYA in Russian 14 May 91 First Edition pp 2-3

[Unattributed report: "On Participation in Election of RSFSR President. Report by Comrade A.S. Sokolov, secretary of the RSFSR Communist Party Central Committee" at 13 May RSFSR Communist Party Central Committee Plenum in Moscow]

[Text] A year has elapsed since the first Congress of RSFSR [Russian Soviet Federated Socialist Republic] People's Deputies. You cannot help asking: What has changed and how in people's life? Has it become better? It is absolutely obvious that it has not. A.G. Melnikov's report described the state of society. There is no need to speak in detail about the complex atmosphere in which the campaign to elect the first RSFSR president is developing.

The logic of the RSFSR Communist Party's actions in this situation is obvious: It is essential to pool public forces and all truly democratic parties and movements which give priority to the interests of the working people and which defend the unity of the Union. We urge all those who are interested in this to rise above personal interests and grievances and act together on the basis of the principles of the priority recognition of human rights and freedoms, decency and morality in political conduct, the renunciation of the use of violence as a means of political struggle, respect for the law, and recognition of the people's expression of their will as the sole basis of political power. We have one aim—the agreement and unity of healthy social forces for the sake of the people's welfare.

We proceed from the premise that the republic needs strong and authoritative power. We see it in the soviets and we are convinced that they will help us extricate ourselves from the clutches of the crisis.

Here, too, we must state most clearly that we are opposed to the idea of "desovietization," for it leads not to the consolidation of the power of the people but to the assertion of the power of individual political groupings. They were able to win elections in some regions under the slogan of "All power to the soviets" but are now doing a 180 degree turn and are criticizing the soviets as the source of the collapse.

The speaker then said:

The next, fourth, Congress of RSFSR People's Deputies is being convened 21 May. I think we must return to the legislative acts adopted previously on the question of the election of the president.

According to the resolution of the third congress on the reallocation of powers, the RSFSR Supreme Soviet has been granted additional rights formerly within the competence of the Congress of People's Deputies. It was on this basis that the package of Laws "On the RSFSR President," "On the Election of the RSFSR President," "On Changes and Additions to the RSFSR Constitution," and others were adopted. You know their content. As a whole they are to some degree the result of joint efforts and compromise by the parliamentary factions. In our opinion these laws should be approved by the congress of people's deputies. The Communist deputies

have introduced to the draft laws appropriate proposals which are of a principled nature and which have not been considered by the RSFSR Supreme Soviet.

The first and basic shortcoming of the laws adopted is the haste in scheduling the elections, which is now obvious to all. Here is what they write from Kemerovo Oblast: "We workers from the number three sewing shop at the Belovo 'Malysh' factory are worried at the rapid pace in electing the RSFSR president assumed by the third congress of people's deputies.

"The date of 12 June is unrealistic for holding elections on an alternative basis. What alternative can there be if the presidential candidates are put on an uneven footing compared with the already nominated B.N. Yeltsin? This amount of time is probably enough for him, he has already visited many regions of the country. But what about the other candidates? We would like to know their programs for emerging from the crisis, meet with them, and then decide who of all the candidates is most worthy to be president of Russia. That is why we believe that we must move the date of the election of the president back two or three months." The RSFSR people's deputies should heed this opinion voiced by voters.

Another big shortcoming is the approach enshrined in the law toward calculating of the results of the voting. Let us recall that according to the law on the election of RSFSR people's deputies, the victor in the first round was considered to be the candidate who had collected over half the votes on the electoral roll, yet the law on the election of the president proposes that the winner be considered to be the person who has collected a majority of votes of those taking part in the vote. That is a blatantly easier norm for electing the president.

Next. Our multinational Russian republic is a federation. And it is high time that the Federation Council was given official status. That is the first point. Second, in electing the supreme official and head of executive power we must in no way avoid the principle of consensus, the principle of support for the president by the federation's subjects. But that position was ignored in adopting the package of laws on the presidency.

At the RSFSR Supreme Soviet sitting voices were heard saying that 13 million people from the republics and autonomous regions should not dictate their will to 150 million. In our opinion that motif is not acceptable. How here can we fail to recall the words of V.I. Lenin from his letter "on the question of nationalities or 'autonomization'" written in connection with the formation of the USSR! He persistently warned that in the interests of the stability of the multinational state we must be as alert and cautious as possible regarding all nations irrespective of their numerical strength. That the internationalism of a large nation "should consist not only in the observation of the formal equality of nations but also in an inequality which would indirectly offer compensation from... a large nation for the inequality which in fact takes shape in life."

That is why we are proposing that a relevant norm when counting votes be introduced to the Law "On the Election of the RSFSR President" and that he be deemed to have been elected only if he receives over half the votes of all registered voters in the majority of krays and oblasts and in the majority of republics and autonomous regions.

We also regard as discriminatory the law on the president's suspension of his party membership.

The RSFSR Communist Party Central Committee asks the RSFSR people's deputies to submit these changes for the examination of the forthcoming congress. As a whole the laws will only gain from this and the process of the president's election would be more democratic.

The first stage of the election campaign—the nomination of candidates for the post of RSFSR president—ends in five days. Russia is rich in efficient, intelligent people and vivid personalities worthy of running for high office.

It is proceeding from this premise that the party as a whole and its territorial and primary structures must build its organizational and mass political work in the immediate future. It should be stressed that at this plenum we must also discuss and find our position regarding the presidential candidate and help voters understand the contenders' programs.

As is well known, some parties and movements and labor collectives have already determined their candidates. Those nominated include Communists Vadim Viktorovich Bakatin, Boris Vsevolodovich Gromov, Albert Mikhaylovich Makashov, Nikolay Ivanovich Ryzhkov, and Aleksey Alekseyevich Sergeyev, and there will obviously be others. These are people with their own views of the reorganization of our life, but they are united by concern for the destiny of Russia and the country.

How do I see the candidate for the post of RSFSR president? Primarily as an individual who can ensure the broadest possible consolidation of public forces for the sake of the Fatherland and people's welfare.

The president of Russia should be a man who is tolerant of dissent, who knows how to unite different opinions and different avenues of social thought and political actions. He should be a man who will not engage in seeking out "enemies" for the sake of political ambitions, a man who is inherently incapable of usurping power and who does not seek personal dictatorship.

In our difficult, unsettled times special value is placed on the considered nature of actions, on the absence of a partiality for triviality and adventurism, and on the ability to predict the consequences of state decisions. That is why the presidential candidate should be a composed man who denies no one his trust, a highly competent man who, of course, understands the needs of working people and who knows how to find a common language with representatives of different professional groups, social strata, and nationalities. He should be a

well educated man with a knowledge based on more than newspaper articles of the paramount importance of science, education, and culture for the country.

The RSFSR Communist Party Central Committee believes that our comrades who have been nominated are worthy people. They are well known in the country, they have given a good account of themselves with a large number of good deeds. That confirms that the people believe in the party's creative potential. But as we can see democracy is a problem of choice and since it is impossible to support everyone simultaneously we must think very seriously about the person on whom our choice should settle. Today this subject should receive open comradely party discussion at the plenum. An analysis of the progress of the election campaign shows that in the majority of cases the candidacy of Nikolay Ivanovich Ryzhkov is being cited. As of today he has been nominated in 52 republics, krays, and oblasts of the RSFSR and at over 460 labor collectives, military units, and voters' meetings at their places of residence. They include the Lipetsk tractor plant, the Biysk chemical combine, the Ulyanovsk sewn goods association, the Ulan-Ude locomotive and car repair plant, the meeting of Tyumen City veterans, the Leningrad automotive transport association, and many kolkhozes [collective farms] and sovkhozes [state farms] in Orel, Penza, Lipetsk, Saratov, Tambov, and other oblasts. His nomination was supported by the Russian Agrarian Union and the all-Russian council of kolkhozes. Right now over 300,000 voters' signatures have been collected in his support. It is known that N.I. Ryzhkov was obliged for objective reasons to leave active political and state life. But as we can see he enjoys sufficiently wide respect and support to join in an active political campaign.

It is important that he has enormous experience of the specific leadership of industry and the economy at virtually all levels—from shift foreman to chairman of the Council of Ministers.

I believe that the Plenum participants will voice their opinion. Of course, that does not rule out the fact that during the discussion new candidates may be suggested. But the main thing, the speaker stressed, is not personal sympathies but the candidate's ability to effectively implement measures to lead the republic out of the crisis.

As you recall, the discussion at the Third Extraordinary Congress of RSFSR People's Deputies focused on the question "of the political and socioeconomic situation in the RSFSR and measures to emerge from the crisis." The Communist deputies suggested a specific program on this issue, proceeding from an objective consideration of the realities which have taken shape in our economy.

The program suggests measures for the improvement of the organizational structure of management, the priority development of the agro-industrial complex and the solution of the food problem, the elaboration of state scientific and technical policy, and the path for reforming property relations. Specific steps were proposed to halt political violence against the economy and to restore manageability and lend it a vividly expressed social nature. Only honest labor should be the main criterion of the individual's prosperity.

To conduct the election campaign successfully, the speaker noted, it is essential attentively to study and assess the program of each contender and to use the experience of previous elections and of the referendum. Preparation for holding the election of the RSFSR president gives the primary party organizations and elected party organs an opportunity to develop active work in the labor collectives and subunits and among the population at their places of residence, to pool efforts with the primary links of various progressive sociopolitical movements and with all those who are promoting not verbally but in deeds the development of the RSFSR.

To this end we deem it expedient to create in each party committee a working group to coordinate efforts in support of the candidate and work with the population. It is very important that the initiative groups formed by the meetings of working people should not end their activity after the collection of signatures for the nomination of Communist Russian presidential candidates but that, by uniting, they should become the nucleus of the support teams for our single candidate and should perform agitation work during the entire election campaign.

The territorial party organizations require special attention. Considering that they are as close as possible to the population, it is they which can head work at places of residence.

The USSR and RSFSR people's deputies from various deputies' groups to whom the ideas of patriotism, friendship, and the brotherhood of the peoples are close and dear could render great assistance in propaganda work.

Today it is timely to recall the role played in the victory of the referendum over the future of the USSR by the collectively elaborated decisions at local soviet sessions. Living by people's daily interests and concerns, the local soviet deputies can distinguish between loud-mouthed, cunningly presented assurances and promises and real paths for resolving the tasks facing society. The Communists in the soviets should adopt an active stance in the election campaign which has begun.

The outcome of the political struggle, as is well known, is largely determined by the position of the mass media, which can and should have their substantial and truthful say, explaining the candidates' election programs and showing the thrust of their political lines.

The campaign to elect the RSFSR president is a fleeting one. We have no time for hesitating. That is why immediately after the RSFSR Communist Party Central Committee plenum the party committees must make full use of their organizational opportunities and ideological potential.

The results of the elections will determine the path along which our republic will develop.

It is important that the election campaign should become the start of the process of society's consolidation, the lowering of the pitch of political passions, and the pooling of efforts to resolve the Russian peoples' urgent problems.

Economic Policy Outlined

PM1505084591 Moscow SOVETSKAYA ROSSIYA in Russian 14 May 91 First Edition p 2

[Unattributed report on the 13 May plenum of the RSFSR Communist Party Central Committee in Moscow: "The Party Organizations' Tasks in the Implementation of Measures for the Population's Social Protection in the Conditions of Implementing Anticrisis Programs. Report by Comrade A.G. Malinkov, Secretary of the RSFSR Communist Party Central Committee"]

[Text] The Union and Russia are living through a profound socioeconomic crisis. Programs for extrication from it have been approved by the USSR and RSFSR [Russian Soviet Federated Socialist Republic] Supreme Soviets. A CPSU Central Committee plenum was held to consider this question. The Third (Extraordinary) Congress of RSFSR People's Deputies analyzed in depth the state of the republic's national economy and the shortcomings in the government's activity on economic development. The entire stock of critical remarks, proposals, and conclusions has already been used up. The time for real actions has come.

There can be no argument that stabilization of the sociopolitical situation in the country, imposition of constitutional order, and strengthening of discipline are paramount elements of the extrication from the crisis. The RSFSR Communist Party will do everything within its power to promote this within the framework of democratic processes, backing and strengthening the soviets as legitimately elected organs of people's power.

What we need today are not political confrontations, rallies, or strikes but joint and smooth work by all social forces to solve the urgent problems perturbing people, primarily those concerning food supplies, consumer goods, housing, culture, and law and order. It is incumbent upon the party to play the unifying role of a protector of working people's social interests.

We are convinced, the speaker went on to say, that the disagreements which now divide our society can be overcome only by preserving the centuries-old economic space of our motherland—the USSR. Russia's Communists support the statement by the country's president and the heads of the nine Union republics, perceiving it as a major political achievement in the normalization of relations between the center and the sovereign republics, in the stabilization of the situation, and in the preservation of our fatherland's unity.

What perturbs Soviet people most of all today? Will we take the path of improving the socialist transformations on the basis of collectivism, comradeship, and appraisal of each and every one according to his labor, or will we recklessly move on toward a free market with exploitation of man by man, unemployment, individualism, and all its other attributes?

For more than a year now our agitated society has been living through an intense struggle between academic programs for extrication from the crisis, while the country has been getting deeper and deeper into the crisis.

All attempts to instill in people a blind belief that "there is no alternative to the market" are futile without a broad consultation with the people on this fundamental question. The past years have taught us to be critical of sundry innovations. Whereas previously the twists and turns of perestroyka were accepted as inevitable according to custom and were supported and approved by the party, after the 28th CPSU Congress and the RSFSR Communist Party Constituent Congress—which were important landmarks in the renewal of the party itself—Communists matured to the point of realizing the reform's ultimate goals and the mistakes and improvisations in its implementation. They cannot accept the growing chaos, shortages, and crime under cover of party decisions. The people are losing their faith in the future, attempts are being made to deprive them of their history. Selfless labor for society's benefit has been discredited. Greed and anticulture are flourishing. This runs contrary to the class self-awareness of workers, peasants, and the working intelligentsia whose interests are expressed by the party. After all, this self-awareness does not boil down to just one's own prosperity but also encompasses concern for the fatherland, for society's prosperity, for its economic, social, and moral health, for well-being and justice. Soviet people were assured that the state would provide them with work, with free education and medical services, would supply them with housing, and would protect their lives and tranquility. These constitutional rights, which have become so customary that they are no longer noticed and are accepted as immutable dues, are not at all guaranteed any longer and there is a threat that they may be lost.

Communists are against infringements of the working people's social gains. Naturally, that also reject freeloading and parasitism at society's expense. Moreover, the RSFSR Communist Party is guided by the party decisions which stipulated that all transformations in the economy must be preceded by measures for the social protection of working people and population strata living on their wages, pensions, or benefits.

In all fairness, let me say that N.I. Ryzhkov's government strove to comply with these stipulations, even though it was fiercely criticized and pressured for its tardiness over reforms. But tardiness in such important matters was justified. Practical experience in the last few

months has graphically demonstrated the social explosions caused by decisions which have not been fully thought out, especially as regards raising retail prices, imposing sales taxes, and so on.

The retail prices reform created justified indignation among people. Expressing this opinion, the Chelyabinsk and Bryansk party obkoms [oblast committees], the Komi Republic's Inta gorkom [city party committee], Sverdlovsk Oblast's Verkhnyaya Pyshma gorkom, Belgorod Oblast's Starooskolskiy gorkom, members of the All-Union Veterans Council, Moscow City's Frunzenskiy raykom [rayon party committee], Moscow Oblast's Balashikhinskiy raykom, and many others issued addresses demanding clear-cut appraisals of the price formation policy now being pursued.

The RSFSR Communist Party Central Committee supports the working people's and trade unions' just demands that prices in workers', school, and students' dining rooms, as well as prices for children's goods and a series of basic foodstuffs, be reduced and that the sales tax on mass consumer goods be abolished; it insists on the earliest possible implementation of the instructions given by the leadership of the country and of the nine republics as regards rectifying gross miscalculations in the implementation of the retail prices reform, providing fuller compensation for the losses suffered by the population, and introducing indexation of people's incomes.

If we were to consider social protection seriously, rather than at the level of lauding private charity and sponsorship as the "independent" press is constantly doing, then social protection ought to begin with concern for the development of production. This task can be accomplished only in conditions of strong and targeted participation by the state in the pursuit of a unified scientific and technical policy. This is what we are lacking today.

If we want to really achieve a strengthening of political and economic sovereignty, then it is necessary to concentrate the republic's intellectual potential immediately and primarily in the sectors where we have made serious scientific headway for the mass production of consumer goods and the creation of a technological base for the economy's structural perestroyka. It is necessary to get over the protracted organizational period of setting up the RSFSR Academy of Sciences as the center of Russia's scientific life.

Today we need, more than ever before, unity of actions between Communists who are members of the Central Committee and party committee officials, Communists who are people's deputies and leaders of ministries, enterprises, and organizations to rebuild management at all levels so as to prevent any decline of production, cutbacks in the output of goods, and mass unemployment.

Unless there is concern for the development of production, it is impossible to provide social protection guaranteeing that anyone who wishes to work will have an opportunity to earn a proper living. The leading figure in our society must be the commodity producer, the conscientious and responsible worker who fully meets the consumer market's demands for goods and services under any form of economic management and ownership. Party committees must back such people by all possible means, taking a firm stand against irresponsible calls to halt production and organizing a prompt consideration of potential labor conflicts on a constructive and businesslike basis.

The RSFSR Communist Party Central Committee believes, the speaker noted, that the main source of social tension in society is the persisting infringement of the interests of the bulk of commodity producers—workers in state enterprises and associations—while there are boundless opportunities for enrichment by new entrepreneurial structures of all types, nine-tenths of which produce nothing. Therefore, we feel that it is impossible to promote as priority anticrisis measures the widespread liberalization of prices, the accelerated privatization of property belonging to the whole people, and the all-out encouragement of entrepreneurial activity. This is rather a stratification of society into rich and poor, into capitalists and hired laborers.

If we add to this the measures proposed by the anticrisis program to abolish criminal liability for economic crimes associated with entrepreneurial activity, the provision of state budget support for such activity while there is a shortage of funds for the population's social protection, the reduction of taxes on large private incomes while they are being raised for state enterprises and so on, the working people would be justified in questioning whether what is happening is the promised renewal and improvement of socialism or its systematic replacement by a completely different system.

The RSFSR Communist Party Central Committee believes that the transition to market relations must be effected gradually, as the necessary conditions are created, under strict control and regulating role by the state. Because of this stance, the Central Committee leaders were firmly labeled conservatives in the very first days following their election. Attempts are now being made to depict the small Central Committee apparatus as being the main braking force on perestroyka.

For the record: The RSFSR Communist Party today has 8.6 million members and its composition approximately reflects the population's social structure. The Communists include 3 million women, 2.1 million workers, 550,000 kolkhoz members, 950,000 teachers, physicians, scientific and cultural workers, and students, 1.5 million engineering and technical workers and employees, and more than 2 million retirees. Tell me, how many of them are prepared for a rash price hike, are able to buy an apartment or a state enterprise, or can pay for education or medical treatment while expecting to be the first to join the ranks of the unemployed?

What is offered to the majority of them by the proposed free market, apart from deteriorating living conditions?

The right to work and earn better? But the overwhelming majority of these people have worked all their lives not through fear but through conscience. Those who selfishly sought advantage in the party have already switched camps and changed their beliefs, they are ready not to serve the people but to be their masters. It is no accident that the form of address "Gentlemen" is increasingly often heard within the ranks of many of our political opponents! As for us, together with our 8 million party comrades and the huge mass of nonparty people, we are in favor of the perestroyka which was proclaimed by the party as the way to enhance people's prosperity through the discovery and utilization of socialism's hitherto unutilized reserves.

It offers room for market relations as the means providing the best incentives for labor and for enhancement of output quality; for a variety of ownership forms including private labor ownership; and for a systematic development of market structures within the framework of the socialist choice and the single Union economic space. Therefore we reject the accusations of conservatism, which are in essence leveled against the entire party, just as we reject the use of its name to cover up the measures being implemented to the advantage of the incipient bourgeoise and capital at the expense of the broad masses of working people. Only an honest and open stand on all these questions will boost the Russian Communist Party's prestige in society.

Unemployment; the fact that 10 million families have no hope of acquiring housing which they have already earned through their labor; the inordinate charges for keeping a child in kindergarten or a young pioneers' camp or for its treatment in a sanatorium; and so on cannot be considered a boon or supported by the Communist Party, no matter how complex the conditions in which our state finds itself. This is not only impermissible, it is also immoral because it brings birth rate down to a critical level and puts the Russian nation in particular under threat of degeneration. All this is taking place in conditions of unlimited enrichment by a handful of wheeler-dealers whose only merit lies in their ability to circumvent our puny legislation and grab a juicy slice from the social pie created by the workers, peasants, and working intelligentsia.

The RSFSR Communist Party does not call for expropriation and redistribution of what society has today. It perceives its task as being to propose specific measures which would supplement or amend the government programs with due consideration for the interests of the majority of working people, making the programs intelligible and acceptable by the republic's entire population. Let us be blunt, we do not claim to possess the ultimate truth, there are many sensible elements in the programs put forward by the Moscow and Leningrad party organizations, the Leningrad Initiative Congress of Communists, in the proposals by many scientists, economists, practitioners in the national economy, and RSFSR people's deputies. The important point is to integrate all this.

The RSFSR Communist Party Central Committee believes that guaranteed social protection of the population is possible only under deliberate management of society's development and planned regulation of economic and social processes. In today's conditions, when elemental decentralization in economic management has been taken to the point of absurdity and has created chaos in the national economy, it is necessary to urgently reinstate the plan levers and release them only gradually, as the market structures take shape.

The situation in the republic, the speaker went on to say, calls for all enterprises, regardless of departmental subordination and form of ownership, to urgently determine their 1992 production programs, and for the government to help them coordinate, link, and agree the volumes necessary to meet the state's needs. In these conditions, party organizations could involve labor collectives in the process of plan elaboration, help them seek out at city, oblast, and kray level additional reserves for boosting consumer goods production and developing the services sphere through better collaboration between enterprises in all national economic sectors, and do everything to make the period of economic stabilization, which is onerous for the population, as brief as possible.

While solving current problems, we cannot overlook the need for in-depth perestroyka of the national economy. The governments of the country and the republics have lost control over its implementation. The old methods for regulating these processes have been destroyed, new ones have yet to be found. The enterprises which now hold more than 60 percent of financial resources for innovations lack adequate economic interest in investing money in the development of production, including consumer goods and services. In conditions of high inflation, enterprises and banks give priority to current needs at the expense of long-term programs. Recently there has been a tendency to curb or halt the implementation of targeted programs meant to ensure the comprehensive development of territories and cities, ecological safety, and the improvement of the population's health, to guarantee the necessary standards of medical services, to create conditions for consolidating the family, to help mothers and children, and to support young people, persons who are returning from the ranks of the Armed Forces or have carried the burdens of the "Afghan" war, pensioners, the disabled, and other socially unprotected population strata. The desire to solve the questions of the economy's stabilization at the cost of curbing the social programs about which people were told so much is simply irresponsible.

Now that the center of gravity as regards the financial and material backup for these programs is shifting to local levels, the party committees and organizations, collaborating with local soviets through Communist deputies, must actively advocate a mobilization of enterprise resources primarily for the stabilization of the consumer market, the social development of collectives and regions, and the protection of the population.

Party committees must launch active work around recently adopted laws and decisions on major social problems like, for example, youth policy and so on. They must be more swiftly translated into specific measures in each republic, kray, oblast, and city. Party committees and Communist people's deputies must quickly complete the elaboration of, and adopt the most important social program concerning women and children.

The RSFSR Communist Party Central Committee is extremely worried by the critical situation in the agro-industrial complex, the declining production of agricultural output, and—and this is especially dangerous—the declining livestock headcount. The food crisis in the republic is deepening.

The imbalance which was allowed to develop between prices of agricultural and industrial output is ruining the countryside. According to estimates, approximately 40 million rubles may be extorted from it this year. The peasantry can no longer be left alone to cope with problems which must be solved at political, state, and economic levels both in the center and in the localities. The Communist people's deputies must strive to ensure that farms are reimbursed for costs resulting from the non-equivalent exchange between city and countryside, and that the agro-industrial complex is supplied with all the resources required for this year's production programs and with the funds envisaged by the decisions of the Second Congress of RSFSR People's Deputies, amounting to no less than 15 percent of the republic's national income. It is necessary to develop the peasant's interest in boosting food resources. Lift all restrictions on incentives for his hard labor. When solving the food problem, it is necessary to provide identical incentives for all types of economic activity utilizing all forms of ownership.

However, land reform—important though it is—is not the decisive factor as regards boosting food production. The main factor still is the strengthening of the material and technical base and the social reconstruction of the countryside. In this context, I would like to remind you yet again of the experience of Belgorod Oblast, where party and soviet organizations succeeded, with help from industrial enterprises, in significantly strengthening agriculture's production potential. During the last five-year plan period, in the conditions of perestroyka, this made it possible to increase the production of gross agricultural output by 21 percent and labor productivity by 41 percent. Similar experience of specific work also exists in Krasnodar Kray and in Rostov and Lipetsk Oblasts, and each party organization must take advantage of it.

The protection of man's right to housing is a most important question. Freedom to choose a place of residence and work is necessary during the transition to the market. But it must be realized that the transfer of housing to private ownership will not add anything to the housing stock. As a matter of fact, its privatization will aggravate the situation of the overwhelming proportion of working people. Citizens' expenditure on the occupation and maintenance of housing and on communal services will rise 10- or 12-fold. Therefore, the task of increasing the volumes of housing construction financed by the state, enterprises, organizations, cooperatives, and individuals building their own homes remains exceptionally topical. Through Communist people's deputies, trade unions, and labor collective councils, the party committees must strive for:

—reassignment of the capital investments and capacities of contractual organizations from the production sphere into housing and the corresponding conversion of the construction industry, with the construction materials thus released being channeled into the construction of housing blocks;

—elaboration of measures for the social protection of individuals building their own homes, partial compensation by the state and enterprises of expenses incurred on housing construction, introduction of regulated state prices for the construction industry's output for individual housing construction;

—firmer guarantees and greater state aid as regards the provision of housing for the disabled, war and labor veterans, servicemen's families, young people, teachers, physicians, other workers in the non-production sphere, and families on low incomes.

A few days ago the RSFSR Communist Party Central Committee Secretariat discussed the state of affairs in capital construction and submitted to the RSFSR Supreme Soviet, by way of legislative initiative, a draft resolution "On Immediate Measures to Stabilize the Situation in the Investment Complex and the Perestroyka of Its Work in the New Economic Conditions."

One painful issue concerns the weakness of local budgets, and consequently the weakness of the material base and financing of health care, education, culture, and housing construction. Just like before, local soviets are waiting for handouts from above. They are losing their interest in working better so as to better satisfy the growing social needs. In the interests of the population's social protection, it is necessary to aim for an immediate transition to the formation of local budgets on the basis of stable long-term normatives.

The RSFSR Communist Party will actively support the policy envisaging the institution of uniform limits for all territories as regards increases of retail prices for basic goods; it will insist on the abolition of all previously set prices in excess of the state price limit; it will strive, through workers control committees and groups, for compliance with the procedure for price determination; and it will participate in the elaboration of legislative acts and mechanisms regulating price formation.

The report emphasized that man's right to work and free choice of vocation is one of the basic gains of socialism, and it is incumbent upon the state to guarantee this right for each and every citizen of the RSFSR. The RSFSR Communist Party and the party committees must support the efforts by the government and by executive

organs of power at local level to organize a state employment service, as well as their desire to ensure the prompt retraining of working people and the creation of new jobs financed by republican and territorial social protection funds. Communists in every enterprise must be initiators of the creation of a social protection system.

The processes of shaping a mixed economy in the RSFSR are still proceeding haphazardly. The destatization of property belonging to the whole people is proceeding without proper control by the state, in the absence of widespread glasnost. The adoption of normative documents, regulating the procedure for buy-outs of enterprises' property by collectives and private individuals, is taking time. But this does not mean that party organizations, together with the labor collective, cannot display initiative in choosing the form of ownership and economic management. On the contrary, this must be tackled. This is what the Starooskolskiy cement plant collective did. This example was cited in the report to the previous Central Committee plenum and caused offense by the inaccuracy of figures. The point is that this is the result of the lack of documents regulating privatization—which was actually criticized—rather than of actions by the collective which merit support.

Communists believe that labor collective councils are called upon to become proper masters of the enterprises and immediately take the processes of destatization in their hands. Let them decide their future by themselves! But society as a whole must control in order to ensure that the property created as a result of the people's joint labor is utilized efficiently, not only in the interests of new collective owners but also in the interests of the state as a whole.

In this context I must dwell on the problems of the growing workers' movement which demands in-depth analysis and conclusions. The party has neglected this issue in its practical activity. Furthermore, the economic and political reforms pursued in its name, especially in the recent past, are failing to win understanding and support by the majority of working people, despite the fact that their political awareness is growing—and major credit for this is due to the primary party organizations.

I am convinced that, if the Central Committee had maintained closer ties with party cells and labor collectives and had heeded their opinion without prejudice, we would not have committed such serious retreats and errors in perestroyka and would not have made the party organizations their hostages. After all, they propagandized noble goals, without even suspecting the possible disintegration of the state and the threat of the country's capitalization. Hence the confusion, the loss of prestige and trust among the workers, the resignation of a sizeable number of Communists from the party.

Even the miners' strikes in the stormy days of the summer of 1989 and the criticism at plenums and at the 28th CPSU Congress failed to shake the party and make it properly tackle the problems of the workers' movement. And here we have the consequence—it is now headed by different forces, while party committees are being driven out of enterprises.

The workers' movement today uses different forms to advocate the collectives' economic autonomy in dealing with the means of production and the results of labor, a fair price for the output they produce and an opportunity to exchange it on an equivalent basis for other goods within the framework of the all-Union market and outside it, and the preservation of social gains.

The RSFSR Communist Party fully supports all these demands.

If the government, the soviet and economic organs, and the public organizations do not heed the opinion of labor collectives and adopt decisions infringing people's rights and interests, then the workers are justified in making political demands and striving within the law's framework to have such decisions repealed.

But we do consider impermissible any attempts to use the workers' movement to satisfy individual leaders' political ambitions for power, disregarding the ruinous consequences of strikes for the national economy and the population. The Communist Party will constantly explain this to the workers.

In the conditions of a multiparty system and intensifying political struggle, the party must rally its ranks and free itself of those who compromise it, who embark on factional activity and start superfluous discussions which are detrimental to real work on extricating the country from the crisis. The party statute which has been adopted urgently needs to be amended since it does not ensure strict discipline and normal operations by its organization.

Presenting our appraisal of the anticrisis programs and our vision of avenues leading out of the complex situation, we realize that they certainly do not cover all aspects of the state of affairs in the economy, in society, and in the party.

Moreover, the situation is changing so swiftly and the population's reaction to changes is so energetic that it is impossible to foresee everything. It is important to promptly recognize the determining trends of development, to capture people's moods, to introduce appropriate amendments, and to inform Communists and society accordingly.

The RSFSR Communist Party welcomes criticism of, and amendments and additions to its program for the sake of the main goal—to pool everything that is sound, valuable, intelligible to people, and backed by the broad strata of working people for the sake of consolidating society, stabilizing the situation, and achieving the earliest possible extrication of the republic's economy from its critical situation.

Rutskoy Speech Cited

PM1605081591 Moscow SOVETSKAYA ROSSIYA in Russian 15 May 91 First Edition p 5

[Unattributed report on speech by Aleksandr Vladimirovich Rutskoy, chairman of the RSFSR Supreme Soviet Committee for the Affairs of Invalids and War and Labor Veterans and the Social Protection of Servicemen and Members of Their Families, in Moscow on 13 May: "Speech at the RSFSR Communist Party Central Committee Plenum by A.V. Rutskoy"]

[Text] We are publishing this plenum speech separately for two reasons. First: Recently there has been much talk about the fact that A.V. Rutskoy, RSFSR [Russian Soviet Federated Socialist Republic] people's deputy and member of the RSFSR Communist Party Central Committee, formed the "Communists for Democracy" deputies' group at the Third Congress of RSFSR People's Deputies. This prompted numerous questions, conjectures, and misinterpretations. Even B.N. Yeltsin, chairman of the RSFSR Supreme Soviet, joined in. In a recent "frank conversation" with Czechoslovak journalists he drew attention to the process of "the CPSU's split" and the special hopes being pinned in this process on the "so-called Rutskoy effect." Boris Nikolayevich enlightened the foreign journalists about this activity's development and energetically summed up: "In my view, this is extremely interesting." The chairman even agreed that Rutskoy should not travel to Czechoslovakia as member of the top-level delegation but should go to the Communist Party plenum in order to "fight there...."

Of course, all the plenum participants were interested not in a "fight" but in the positions, arguments, and reasoning to justify the formation of yet another group of Communist deputies. A.V. Rutskoy was given the floor under the "privilege rule" to enable him to expound his ideas as fully as possible.

This is the first reason behind this extensive coverage. The second: In contrast with all other speakers, A.V. Rutskoy collected the stenographic record of his speech—evidently for further work on it—and for today's coverage of the plenum we were forced to transcribe it from our own tape recording.

A.V. Rutskoy: Esteemed comrades! First, many thanks for giving me the floor. My own name was mentioned here on and off, the parliamentary group "Communists for Democracy" was also mentioned, and I would therefore ask you not to imagine that I have mounted this rostrum in order either to justify myself or to prove certain positions. I would simply like to present this speech along the lines of a general dialogue.

What is ultimately happening, and why really have we all assembled here? In order to draw certain conclusions, I have always, all through my conscious life as it were, asked myself: What, why, and for what purpose? This is first. Who needs what and why, in other words, in the present circumstances—do the Communists need the party, or does the party need the Communists? Do the people need the party, or does the party need the people?

I then ask myself this question today: Why are Communists resigning from the CPSU and what prompts their resignation from the CPSU? Is there soviet power in our country today, what sort of power is it, and what sort of power should it be? In other words, this brief chain of questions offers, so to speak, an opportunity to define a common denominator and draw certain conclusions as to what should be done in today's situation.

I can guarantee you this: If we were to go out in the street now, stop 100 persons, and ask them one single question: Do you like living the way you live today? I can guarantee you that all 100 persons would answer: No. Why? (Commotion in the hall). Esteemed comrades, we all must hear each other out attentively if we consider ourselves to be a civilized society. I personally have done at least as much for the motherland, at least as much as those present in this hall who are unwilling to hear me out. (Commotion). Therefore, let us respect one another as it were.

To continue. If you recall, my last question was: Is there a soviet power? I am entitled to ask this question because I have already spent a year working as chairman of the Social Affairs Committee, you have heard the list of these affairs: Invalids, war and labor veterans, servicemen and members of their families. I am entitled to ask this question because 18,000 complaints have been logged in the computer during this year.

In other words, these complaints originate at local level. They do not originate here, in the Central Committee, in the government, or in the Supreme Soviet, these complaints originate at local level. People complain that they have not been socially defined as human beings. In these circumstances, the following question arises: Is there any power out there, at local level, if people complain to the supreme legislative organ?

This is why, in these circumstances, we should go back to the first questions I asked, who needs what and why. In other words, do the Communists need the party or does the party need the Communists, and consequently do the people need the party or does the party need the people? In this context, consequently, I of course support the statement by esteemed Aleksandr Grigoryevich Melnikov, but only in one regard, that the time has come for specific actions, actually for specific actions. Let me answer this question: Why are Communists resigning? Simply because the RSFSR [Communist Party] Central Committee plenum resolution "The Party Organizations' Tasks in the Implementation of Measures for the Population's Social Protection in the Conditions of Implementing Anticrisis Programs" will be published. Quite a few Communists will resign as a consequence.

Read it carefully and work out what sort of document it is. Everywhere, on literally every point, one could ask: How, by what methods? Therefore, in these circumstances, I assume that some Communist, member of the

Central Committee, would stand up and ask: Esteemed Ivan Kuzmich [Polozkov], when will we see at least a sign of order? If a plenum is organized, then there must be working documents for the plenum, enabling people to sit down, study them, and determine their positions. Not to have people mounting the rostrum here and speaking... I stopped counting after 15 or 16 persons had spoken, and if we were honest and objective about it, only two or three of them offered specific proposals. And all this is the consequence of the fact that there was no advance preparation for this work. (Commotion in the hall).

To continue therefore. The Central Committee plenum put on its agenda the question of working people's social protection. You always—you see—you, we always deliberate in figurative terms: Social protection, socialist gains, struggle. You see, everything in our deliberation is somewhat militant. Maybe, in all probability and at long last, after 74 years, now there is a need to ponder socialist anniversaries from the angle of social guarantees for man. In other words, the state must offer man guarantees. Therefore, in this context, our plenum ought to ponder questions from this actual angle, the angle of guarantees.

A worker spoke here. We all listened attentively and heard what he said: "The people need just one thing—to lead a human life." Let me cite his words: "And to perceive some sort of definite purpose to this life, to give man an opportunity to come into his own as an individual." Therefore, let me tell you this for certain: The people no longer need either theories of socialism, or theories of capitalism, or theories of communism. The people need just one thing—to lead a human life and to be given an opportunity to come into their own as individuals. Therefore, in this context, we must also look from the angle of the meaning of socialist shock labor in the struggle for socialist gains, to take a realistic look at the way distribution works under this system, according to labor or according to something else.

You are perfectly well aware that people in the services sphere and virtually the entire non-production sphere earn two or three times as much as that selfsame worker, that selfsame peasant. Let me tell you, therefore, that people are simply fed up with these theories. Simply fed up. Therefore let us look further. The 28th Congress. The party adopted a decision on perestroyka and transition to actual market relations. Look at that document. It talks precisely and clearly about a return to planned economy and so on and so forth. As for the market, both the report and the speeches here depict it as exploitation of man by man, they talk about capitalists, about the poor and the rich.

Thus, esteemed theoreticians, I have especially brought here, to the Central Committee plenum, an alternative law on privatization elaborated by esteemed scientists, as it were. Please take no umbrage because, if you were to read this law, [you would realize that] it merits publication only in KROKODIL, nowhere else. I simply gave it to the esteemed comrades sitting next to me to read. They are not economists by training. But you see, here we have total economic illiteracy.

Is it possible to work like this in these circumstances? Is it possible to pit the Russian republic party against Russia's Supreme Soviet and Russia's government? But how are we then to arrive at the consensus of which we talk everywhere and to everyone? How are we to arrive at a "roundtable?" If we were to look at voting results, we would see that esteemed leaders at various levels say: We are in favor of a "roundtable." But look at the voting results—designated as "against." So, maybe the time for specific actions has really come, let us get down to these actions, to specific actions. Let us talk and really do what we are saying.

Let us look further. At what has been said here and what our decisions contain. We had made scientific headway in the production of consumer goods, the utilization of socialism's reserves has been covered repeatedly by numerous programs. To continue: Construction volumes were increased severalfold—and each family will have its individual housing area by the year 2000. Trusts were restructured, incentives were provided for agriculture, concealed reserves were sought out. In other words, we already had everything. In this situation, let me make you a specific offer, because people from the hall say: Specifically. So, let us take a specific look at what market relations mean and how we should approach them. This is the party's program document, and we are members of the CPSU. So let us not bicker here about who is more democratic and who is more communist; maybe we should look at ways to tackle this problem and to ensure that we do not end up with rampant exploitation, to ensure that whatever has been accumulated by socialism is fully utilized without destroying the old.

People approached me here during the break: There you are, the Russian government and Supreme Soviet, dismantling agriculture, dismantling the kolkhozes, dismantling the sovkhozes. I asked that man: Tell me, please, which law prescribes the dismantling of these economic systems? Just a minute! Silence!

So, maybe we ought to look at the way of managing the economy. Let there be kolkhozes, let there be sovkhozes, they should be supported by all possible means, but it is also necessary to develop peasants' farms as an alternative, seeing that we have, that mankind has a rich experience in running peasants' farms. Let me tell you: It is not they who buy wheat from us—they whom we have mentioned, the United States with its peasants' farms—it is we who buy wheat from them.

Therefore, in these circumstances, we again come right up against the wall. Here we ought to look again from the selfsame angle, how to ensure that everything functions and how to utilize the advanced experience accumulated by mankind.

Esteemed comrades! It is impossible, it is impossible to circumvent the laws of economics which have been

elaborated not by economists but have been invented and developed by human civilization. It is impossible to circumvent these laws. You see, if we are talking about the market, it must be a proper market. If we are talking about forms of ownership, they must be proper forms of ownership. There must be no confusion. All you practitioners have higher education. Can there be a regulated market? There can only be regulated forms of ownership. Therefore, in these circumstances, we—if we are talking about private ownership—the government can lay down the volume of this private ownership, the form of collective ownership, the form of state ownership. In other words we must work in these conditions instead of bickering about whether we need private property in market relations or not. Do not misunderstand me. I would like to say more, but I perceive the prevailing mood and time has run out, seeing that I tried to persuade you to be more attentive.

I have specific proposals elaborated by the parliamentary group.

Chairman: Aleksandr Vladimirovich, how much time do you need?

A.V. Rutskoy: It is hard to say, you see. Whereas at the Supreme Soviet we have somehow learned to work and respect one another, here it is really hard. I actually need four minutes.

Chairman: Comrades! Aleksandr Vladimirovich Rutskoy asks for four minutes. Shall we give him the time? Agreed.

A.V. Rutskoy: Esteemed comrades! Each one of you will agree with me that market relations are unavoidable. Civilization and the democratic process in both Russia and the Soviet Union have advanced so far by now that it is virtually impossible to halt this process. And each one of you without exception would agree with me on this point. So, in these circumstances, let us examine where the republic's party—the Russian Communist Party—should stand. The point is that, whether we like this or not, some sort of division has occurred and it is clearly visible to you all. Let me simply describe the last occasion when we discussed this question. (Commotion in the hall).

Let us look at the latest situation. Where should the party stand if it is a republic party? Look at the opposition to the government and the Supreme Soviet—could it be due to the fact that the Supreme Soviet is headed by Boris Nikolayevich Yeltsin? There may be something people dislike. But in these circumstances, if the party is a republic party, it probably should work together with both the Supreme Soviet and the government to implement the ideas underlying the essence of the Communist Party itself. But how are we to explain the situation, looking no further than the last occasion, 9 May? The wreath-laying ceremony at the Monument to the Unknown Soldier was attended by the Russian Federation Government, by the Russian Federation Supreme Soviet, but not by the Russian Communist Party. The Russian Communist Party laid wreaths separately, with the central government. Although this might have been accidental. You see?

So let us, at this plenum, finally decide: Is it or is it not the RSFSR republic party. Is it some sort of a subsidiary or maybe some sort of opposition?

I therefore believe that, in order to discuss and solve the problems of Russia's peoples, the party must stand together with the government, together with the Supreme Soviet. None of this—are we on the same side or not! After all, this Supreme Soviet was elected by the people. (Commotion in the hall).

To continue. Specific matters. The "Communists for Democracy" has now initiated the holding of a Russian congress of entrepreneurs. Whether we like it or not, we did a statistical analysis: How many joint enterprises are there on RSFSR territory today. Let me tell you—1,500. To continue. We did an analysis: How many cooperatives are there—more than 200,000. How many joint stock associations are there—364. And the numbers are growing. The result is a colossal figure. Have we started analyzing this situation, according to the plenum agenda? Where do we find the resources to actually provide social guarantees? Why? Because our committee has already elaborated laws which are being costed by the Russian Federation Ministry of Finance. They are a law on social guarantees for war and labor veterans, a law on social guarantees for invalids, and a law on social guarantees for servicemen. All this is being costed, and the result is a colossal amount. Where, at today's stage, during the transition stage of the crisis situation in the development of economic, social, and political relations in the republic and in the Soviet Union as a whole, where are the resources coming from?

Consequently, in these circumstances, we have started working things out, in other words simply inviting on a random basis these representatives of business circles, as they are commonly known, in other words of the forms of economic management which are already in line with market relations. And they were asked: Would you agree to pay 10 percent more than the state tax in order to solve the problem of working people's social guarantees? Actually, to provide guarantees for people who are unable to work, who are still young, or who are old, or who are disabled, and so on and so on.

And thus, in these circumstances, conducting this consultation, we are now preparing these materials, an investment bank will be set up, in other words this bank will handle the funds which will be actually channeled into social programs.

A Fund for Russia's Social Development was created in this context, and now—by virtue of decisions by soviets of people's deputies, by virtue of decisions by Supreme Soviets of the republics belonging to the RSFSR—branches are being set up in order to create a mechanism not for a begging economy but for a philanthropic economy utilizing secondary raw materials and wasted

raw material resources, so that this money can be channeled into social programs. In other words, there are many problems, there are specific elaborations, there are proposals, the implementation of measures is planned, and consequently it is from this angle that we must look at what should be implemented and how. Not by just producing slogans for each and every point. I have always asked: How is this to be done? We have no such mechanism.

Concluding my speech, I would ask you not to misunderstand me. This is not some sort of confession. I have been and will remain a member of the CPSU. And I think that the Communist movement, the "Communists for Democracy" is not a faction but a parliamentary group. Therefore there must be no confusion in the circumstances. The CPSU Statute, in Article 16, permits the inauguration of sociopolitical movements. Now we are creating a sociopolitical movement in order to involve the broad social masses in the implementation of these issues, to ensure that the people pose the problem and the people help to solve it. Because there is no genius capable of solving this problem in isolation from the people and the social masses. I therefore call on Communist comrades, on members of the Central Committee who support this to please come to the Supreme Soviet Committee, we have there the headquarters of the sociopolitical movement. I invite you to honest cooperation and work for the implementation of really specific programs. [Rutskoy ends]

The following clarification was read out for the record at the plenum:

"At congresses and sessions of Soviets of People's Deputies, Communists can unite in party groups (Communist factions) for the term of the soviets in order to coordinate their activity and to implement the will and mandate of the voters. Communists are not permitted to create in soviets groups or factions independent of leading party organs but acting on behalf of the CPSU.

"Party groups (Communist factions) collaborate with corresponding party committees, obtain assistance and support from them, and take their decisions and recommendations into account."

(CPSU Statute, Section IV, Article 34).

Russian KGB Chairman Outlines Basic Tasks

LD1505213891 Moscow Russian Television Network in Russian 2000 GMT 15 May 91

[Interview with Sergey Stepashin, chairman of the Russian Soviet Federated Socialist Republic Supreme Soviet Committee on Security, by "Vesti" correspondent Sergey Rybin; place and date not given; from the "Vesti" newscast anchored by Yevgeniy Kiselev—recorded]

[Text] [Kiselev] As you know, on 6 May Yeltsin and Kryuchkov signed a protocol on the creation of a Russian KGB [Committee for State Security]. Television viewers have asked us on more than one occasion to report the details. Our correspondent Sergey Rybin met Serey Stepashin, chairman of the Russian Soviet Federated Socialist Republic [RSFSR] Supreme Soviet Committee on Security.

[Rybin] Sergey Vladimirovich, you have probably already received a standard issue weapon?

[Stepashin, laughing] Thank you for the question; but in my opinion, we simply do not need it.

[Rybin] What is your committee doing at the moment?

[Stepashin] Ours is a legislative committee, and therefore there are two basic tasks: questions concerning with aspects of military policy, and the KGB itself. Naturally the position of the Union KGB is that it sees the RSFSR KGB as an organic structure of the USSR KGB. We have a somewhat different approach. We have proclaimed a declaration of sovereignty for the Russian Federation. For this reason we consider that our committee must be autonomous and independent on many issues. This in fact relates to the question of subordination and those powers which we consider should be taken today.

The party committee of the USSR KGB—such is the structure which exists there—has adopted a decision and issued the appropriate instruction to the territorial party organization that Communists—and here 99 percent of KGB body workers are CPSU members, if not the full 100 percent—must during the period of preparations for the presidential elections support only one candidate: Nikolay Ivanovich Ryzhkov. Well, for us, at the very least, this today is surprising. I am speaking quite mildly. For this reason, one of the main aspects of the future law on the KGB bodies, which we will introduce at a session of the Supreme Soviet, will be the question of removing party influence, which the Union Supreme Soviet did not do in the Union law.

[Rybin] A final question. Who will the Russian KGB be catching?

[Stepashin] The Russian KGB will not be catching anyone. The main aim of the KGB bodies' activities is the defense of the individual and human rights, proceeding from the declaration of human rights and from our Constitution.

[Kisilev] And so, as yet the Russian KGB exists only on paper. The leader of the legislative committee on security does not even have his own office. It is expected that the draft law on the basis of security will be presented to the Supreme Soviet in June.

Silayev Interviewed on Economic Plans

LD1505152891 Moscow All-Union Radio First Program Radio-1 Network in Russian 0800 GMT 15 May 91

[Interview with Ivan Stepanovich Silayev, chairman of the Russian Soviet Federated Socialist Republic Council

of Ministers, by correspondent Aleksandr Belotserkovets; date and place not given; from the "On Topical Subjects" program—recorded]

[Text] [Belotserkovets] At a session of the Presidium of the Supreme Soviet of the Russian Federation, which took place the day before yesterday, you submitted for discussion a concrete action program for the government, aimed at solving the urgent tasks in the formation of a market economy. As is known, the program that has been worked out contains eight sections. What will the ordinary person, the inhabitant of the Russian Soviet Federated Socialist Republic [RSFSR], get from its implementation?

[Silayev] Indeed, it does contain an appeal to people. Anyone who is interested will see in it possibilities for themselves. Of course, it will not create favorable conditions for loafers and idlers.

[Belotserkovets] This is quite natural for such a program.

[Silayev] Yes. Actually, they did not live badly under the egalitarian system, when part of the work of those who worked well was taken away from them and given to those who like living at other people's expense. In our opinion, everyone who is able—and I stress the word able—to earn will have the right to earn. Restrictions are being lifted. Everyone can create their own private business, and this business is protected by laws, rights, and other acts of the state. They are encouraged by the relevant economic methods and stimuli.

[Belotserkovets] Ivan Stepanovich, how will the actual process of privatization be achieved?

[Silayev] The process covers all strata of our society, from the work forces and every member of the work force by means of shares, to the categories of both those not yet working and those no longer working.

The principle is interesting. It is not our invention, it is world experience. It is the principle of distribution; when the whole amount of Russian basic assets is divided by the number of those living there you get a norm for everyone living there of a certain sum of assets, of which each is the owner of starting capital. According to our calculations, this is 7,000 rubles. It will vary with indexation up to 10,000. Any one of us—you, me, the invalid, or simple pensioner—will own 7,000. Those are our shares. In that case, even if one does not work at a specific enterprise, one has the chance to invest, like buying or exchanging this personal check for X number of shares worth 7,000 rubles.

Of interest, and something that is reinforced, is the section on social guarantees and protection for those who need to be protected, that is, those who either can not earn a living or who, by virtue of their specific circumstances, such as their professional line, do not have the right to earn a living.

[Belotserkovets] Please discuss the specifics of your new program. What is planned to be done to increase the production of goods in all spheres, primarily for the consumer market?

[Silayev] You did well to specify. In the first place, we are simply freeing prices on the bulk of output. By the end of the year we should, by and large, have liberalized these prices, as it is called, having protected from the effects of a temporary price rise, first, that proportion of output that forms part of the basket, and on the other hand, that section of the population that needs to be protected.

[Belotserkovets] Ivan Stepanovich, one of the most important tasks, of which you spoke, is to provide the most important spheres of our production, especially in rural areas, with various types of machine-building output and materials of the highest quality, naturally in the necessary quantity. What means are offered by the Russian Government's program for achieving this aim?

[Silayev] Incentives, and quite vigorous ones. Any private entrepreneur or enterprise—republican, Union, defense—investing their funds and producing consumer output, is exempted either totally or partially from taxation. Nevertheless, it is impossible to fill our market with such goods in a short timespan, so provision is made for opening our domestic market to the output of foreign enterpreneurs. I stress a fundamental difference: We are not purchasing something abroad and selling it here on a distributive principle, but are granting Western enterpreneurs the possibility of economically favorable terms for bringing this output and selling it here, and thereby providing our producers with competition. Some say this will stifle our local industry, that there will be unemployment, and so on. The deficit is currently so global and great that there is sufficient space for both domestic output and sufficient space for imported output brought in by enterpreneurs. As soon as we feel that the market is beginning to fill to a certain extent, and that Western output and Western entrepreneurs are beginning to squeeze our enterpreneurs, we will introduce appropriate restrictions in the form of certain customs barriers.

[Belotserkovets] But will such a measure provide a huge impetus for improving the quality of the output of our factories?

[Silayev] I know from my own experience, when I was working in engineering, that we were constantly being reproached for low quality, for not being competitive. How can you ensure competitiveness if you do not test for this by comparison? We were not allowed to go abroad; we kept ourselves to ourselves; and we ended up with a vicious circle. On the one hand, they criticize; on the other, they will not give permission. Now they will be coming to us with their products, these Western entrepreneurs, and they will create competition here, internally. Then there will emerge an interest in quality and also in quantity.

[Belotserkovets] Last autumn, if you recall, we were witness to the annual panic stations, when on Moscow oblast fields, you recall, they were gathering....

[Silayev, interrupting] I remember we were all in the mud together in the fields of Moscow Oblast.

[Belotserkovets] They were gathering potatoes from the mud, and carrots, beets....

[Silayev, interrupting] It was a case of all hands on deck, from students and workers to the generals. This is true.

[Belotserkovets] Then, a bit later, we were all sorting this rotten produce at storage depots. Such a situation repeats itself year after year. How does your new program intend to combat such a nightmare?

[Silayev] We include in our program five economic market principles. This is the issue of small-scale privatization. There is the issue of privatization as a whole, but the most important matter, the most important motivator for human nature, is to have an interest in one's work. We see the approach to small-scale privatization as follows: We will create conditions such that all of the infrastructure connected with shifting the product from field to shop will be privatized, sold, on favorable terms, or sometimes perhaps even given, to a private entrepreneur; that is, the food shops in a town, or in a village, where the produce is sold. It means the storage depots, the processing enterprises, the freezer facilities, the transport, the whole chain should be privatized. Then people will have a personal interest in preventing what has been tolerated year by year for many years, with colossal losses of public-sector labor. That is on the one hand. On the other hand, I must express satisfaction with the process, also one of privatization, of land—the implementation of the land reform. We plan to have on the order of 10,000 peasant farms by the end of the year. Today there are already 17,000 in Russia. By the end of the year one could expect something like 30,000 to 40,000. We are not saying that they will contribute to a radical turnaround in general in our food balance....

[Belotserkovets, interrupting] There could not be anything like that.

[Silayev] There could not be anything like that. There will appear on the market—we call it the market in general, be it the collective farm bazaar or the shops that are already concluding contracts with specific firms—there will appear produce of a new detachment of rural toilers, that is, the peasant farms. From these two components, by this autumn there will be privatization of the infrastructure from field to shop, inclusive, and the increases through the efforts of peasant farms. There will not be providing very visible, high contrast results. There will be a mixture, a variety, obviously. We will still have to help the rural areas with the harvest, but not on such a scale. We will see a definite role, a modest one for the time being, of the peasant farms in improving the food supplies in Russia.

[Belotserkovets] The declaration of the 10 [nine republics and the central government], on urgent measures to stabilize the situation in the country and overcome the crisis, signed by the president of the country and by the leaders of nine republics, has been a turning point in the history of perestroyka. To what extent has it influenced the Russian Government's action program that you have reported, Ivan Stepanovich?

[Silayev] The declaration of the 10 means a consolidation of forces. We rely on this heavily in our program. There are a number of questions of principle that we are not capable of resolving without cooperation with the Cabinet of Ministers, for example, and with other republics.

I have just returned from talks with Valentin Sergeyevich Pavlov. For four hours uninterrupted we considered vital matters to enable us to implement our programs, including the supplementary points being drawn up jointly today by the cabinet and the republic in this program and removing the things impeding the implementation of this program. I must express satisfaction at the fact that, on the basis of the declaration of the 10 who have subscribed to this consolidation of forces, we have today been tackling very serious issues that could not have been tackled before the joint statement was signed, when we were simply completely at odds. We have succeeded in agreeing on very serious and acute issues; for example, licensing. Foreign economic activity is being given to the republic. That is a very important matter. As is opening up customs for the movement of goods being provided to the Union republics on license. Another very important matter is the all-Union bodies for material and technical supply. That is the key, rather, the iron barrier, on the road to market relations in relation to material resources. We have reached agreement that all supplying organizations operating at the moment under the administrative direction of the former State Committee for Material and Technical Supply will leave its jurisdiction and move to our territory as a commercial intermediary organization.

[Belotserkovets] Ultimately.

[Silayev] Yes, ultimately.

Enterprises situated on our territory leaving the Union, and once again becoming sectoral structures, is a very important matter. This is not a redesignation. We say this all the time. There is no question of that.

[Belotserkovets] It is leaving, not just changing the signboard.

[Silayev] You are absolutely right. It means leaving the Union structures and cooperating with us through laws. We have today reached agreement on this. Let me say straight away that here, too, we have reached agreement that the privatization of these enterprises is a matter for the Union republics. I will not list the whole range of issues. Some issues remain, and work will go on, but this document, the joint statement, plays a very important

role in this constructive approach, including on those issues that formerly seem insurmountable.

[Belotserkovets] It remains only for me to add that it was proposed at the session of the Presidium of the RSFSR Supreme Soviet that the government program be further worked on for one week, until the fourth Congress of People's Deputies of Russia starts, where it will be presented for endorsement.

Russian Government Economic Program Assailed

PM150509419] Moscow SOVETSKAYA ROSSIYA in Russian 12 May 91 First Edition p 2

[Correspondent V. Ivanov report: "Twilight With 'Rising Sun:' Notes in the Margin of the Russian Council of Ministers 'Economic Program'"]

[Text] Leningrad—A passion for drawing up programs is an inherent characteristic of functionaries in general, regardless of the color of their banners. There is even supposed to be a "Panty Hose" program! So at the recent congress the deputies were handed the Russian Cabinet of Ministers "Economic Program," which is basically an appreciably "slimmed down" version of the Shatalin-Yavlinskiy 500 days program which once caused such a furor.

One feature of the document is immediately striking: the current Russian leadership's consistent course toward satisfying the economic interests of society's entrepreneurial stratum. The entire "Economic Program" is tailored exclusively to the interests of this small proportion of Russians. The premier and his subordinates see this group as the main driving force capable of dragging us all out of the crisis. Admittedly there is no proof of this, except maybe the allusion to the fact that "economic common sense and the methods of economic reform will definitely work in our country, too."

Why will they work, one wonders? This simple ploy worked, however, and allowed the authors to avoid publicly discussing the proposed course's aims and tasks at the congress and dragging the deputies into a detailed examination of the "whys" and "wherefores." Despite Premier I.S. Silayev's warning to anyone wishing to argue about this subject ("to debate this subject would be a futile waste of time"), let us take a look at the "beautiful future" which the Russian Council of Ministers Economic Program paints for us.

Since reliance in the "Economic Program" is deliberately placed on entrepreneurial elements, the methods are also clearly defined—to distribute (sell) the people's property to these very elements.

Let us put ourselves in the place of the lucky people who at long last will "grab" factories, plants, farms, and garages. What do you think they will have to do once they are the legal owners of state property? Right—they will be faced with the need to organize production in these facilities.

Only an ill-informed person connects the right of ownership with the opportunity to sell, smash, and throw out the property. A plant is not a used handkerchief. Being the master of, say, a giant car plant means first and foremost efficiently organizing car production in it. Hence it follows that the new proprietors will have exactly the same problems as the present abused and slandered factory and plant administration. Especially as after privatization has taken place the administration will remain the same—there is nobody else!

It is supposed that new proprietors will resolve tasks which are now beyond the capacity of the present production commanders. Why he should succeed in this is unknown: The program says nothing about this. Not a peep about it. Probably because it has a more modest task: simply to signal the start of the squandering of the state sector. Government officials will benefit directly. Since entrepreneurs will be responsible for organizing the national economy, officials will have nothing more to do than to collect and share out taxes.

In order to "increase economic efficiency in general and end the waste of resources, the government intends to abandon the pernicious (?) practice of financing the national economy from the budget." So tell me, what is our government going to do if not implement the budget? Including the section of the budget concerning financing, especially as the premier himself admits: "Direct government subsidies make up over 25 percent of American farmers' revenue.... We, too, will be forced to do this." So will the government manage the national economic complex or does it intend to "abandon the pernicious practice..."?

Everything indicates that the Council of Ministers is relying heavily on laissez-faire as a tried and tested method which does not involve much trouble. So the anxiety with which the program's authors view the retention of the state order is understandable. They write: "There are still many supporters of the state order, and of a 100-percent state order, among production organizers. But," the authors conclude irritably, "is it not clear that the economic chaos reigning today in material and technical supply is the direct consequence of the massive centralized requisitioning called the state order?"

Hands up anyone who understood what is the connection between the present muddle and centralized planning, with its strict order! On the contrary, the refusal to supply the Union production line with everything necessary has led to disruptions in its work and even stoppages. The people who best understand this are those standing by the production line—production workers in every sector. Only 100-percent supplies allow them to produce the goods the population needs rather than chase suppliers around the entire state in search of component parts. However, this simple conclusion is not acceptable in high offices, and now "1991 must become

the last year of requisitioning in Russia. All resources must go onto the market and be distributed with its help."

Answer me this: Whom will the combine or factory director meet there in the market? Anybody who supposes it will be a fellow leader is deluding himself: The captains of production need the market—a place for exchanging goods—insofar as economic managers' job is to produce goods, and there have always been links between them. But there in the sacred market field of miracles, they will meet the man of the future, the entrepreneur, who, having stockpiled raw materials and finance, will demand from them, the producers, not more money—what good is paper money!—but he will "ask" to take it in shares. This, incidentally, is an easy way for our unlaundered Soviet capital to percolate into industry. It is no accident that there is a point in the program calling for "the elimination of discrimination in trade and brokerage activity and the abolition of Article 153 of the RSFSR [Russian Soviet Federated Socialist Republic] Criminal Code which penalizes the work of dealers, brokers, and other market intermediaries."

The authors of the "program for the rebirth" of Russia know full well that concern for private capital requires not just appropriate propaganda and legal support but also economic incentives for those who have no part in the big share-out, for "unenterprising" people. Therefore, the leitmotiv of the entire document is a thinly veiled flirtation with labor collectives, local authorities, and the population as a whole. The proposed handout—whereby each of the 150 million Russians will receive a credit check to participate in the auction!—pursues an aim which is as infeasible as it is obvious: Gag every unhappy little mouth for a while. Although even the first efforts to share out the property of the whole people have run up against conflicts. Every attempt to appropriate what belongs to everyone is doomed to a similar fate.

The government intends to solve the problems of the fuel and energy complex in an "original" way. It seems that what is good for the master, that is, the entrepreneur, is not good for the servant, in other words the miner and oil worker. For example, it is supposed that the Council of Ministers is quietly going to "release" prices of everything, but certainly not prices of energy sources—gas, coal, and oil. For the sake of business, so to speak. It can be accurately predicted that miners and coal workers will refuse to remain the Russian leadership's "economic reserve," securing its policy through their prosperity. Does anybody really believe that the people who mine coal and pump oil will agree to work at wage rates laid down for them by the premier's advisers? Indeed, at the slightest disruption of the price balance, people working underground and on the surface to extract coal and gas will demand an equal share of the social cake! Which, incidentally, is confirmed by the strikes in the country's mining regions.

Here, too, the talk of "world prices," to which republics can supposedly switch in mutual settlements, will be no help. Apparently enterprises will start to pay according to the price-lists applying to the export versions of our raw materials which go abroad, and prosperity will shower the collectives.

It will not work. So-called "world prices" are determined ultimately by the level of labor productivity attained in a particular society. The higher this productivity, the greater the developed countries' room for maneuver in the price game, which our politicians perceive as something separate from expenditure in society over there. It is because the Swedes or Japanese produce five times as much as us that they live five times as well as their Soviet colleagues. The whole of world trade, in fact, is an exchange of goods whose production involved varying degrees of effort. It is gambling on the differences between the labor productivity attained in particular countries which enriches traders.

As an example I would cite sandwiches, which cost more than pocket calculators in the "Land of the Rising Sun." Why? Because the Japanese now expend more labor to produce a sandwich than a microprocessor. We, on the other hand, expend far more labor than our eastern neighbors on the microprocessor, and the same also goes for the sandwich. If we start to exchange our rolls for their computers then we will find ourselves in very hot water: We will be exchanging 100 hours of our labor for 20 hours of "their" efforts.

There is only any point in raising the prices of everything—including manpower—when our society reaches at least the world average for labor productivity. Otherwise, the change in nominal values for energy sources will lead only to a spiraling rise in prices in the national economy: Those who manufacture clothes, food, and other items for energy workers will demand "world prices" for their output, too.

The "renegade Kautskiy," who is familiar to us from school years, had an interesting idea in this connection. In 1922 he wrote:

"If the workers in any socialist state created working conditions whereby labor productivity fell, this one-sidedness in respect of their own interests would very quickly exact revenge in a very evil way. The state's economic backwardness would soon take its toll, while the old capitalist states continued to develop their productive forces.

"Eventually this would mean that the workers, as consumers, would be in a worse situation in a socialist state, despite the absence of exploitation, than those in a capitalist state under increasing exploitation. Thus, sooner or later, the socialist state would lose any viability...."

We lowered our sights in planning labor productivity growth in the ninth, 10th, and 11th five-year plans—36-40 percent, 25, 17. We managed 23, 16, and 14 percent respectively. Last year labor productivity growth

barely reached 2 percent (including the price hikes!) Could it be that Kautskiy's forecast is coming true?

So does the Russian Council of Ministers policy of fostering competition within a single "factory"—the RSFSR—handing out absolutely everything, and defending minority interests have a chance of succeeding? You do not have to be a profound analyst to foresee the collapse of the "Economic Program." And the guilty parties here will be not the "Communists of Russia," not the Republic Communist Party, not the USSR Cabinet of Ministers and the president—although they, naturally, will be vehemently reproached as soon as the "program" falls apart at the seams—but the Russian leaders' thoroughly simplistic approach toward solving the problems of the republic entrusted to them, an approach from which we have already suffered so much.

Western Republics

Moldovan President Discusses Internal Situation

OW1505140391 Moscow INTERFAX in English 1801 GMT 14 May 91

[Text] Moldova's President Mircha Snegur delivered a report on the economic, political and social situation in the republic and on the ways to end the crisis at the parliamentary session which opened in Kishinev on Tuesday.

Differences between the center and Moldova have been aggravating, he said.

According to M. Snegur, two policies are in evidence. The supporters of one of them are pressing for sovereignty and transition to free market, while proponents of the other policy wish to return to the state of affairs which prevailed before 1985.

The worsening of Moldova's political situation is a result of price increases at the expense of the people, low effectiveness of executive power, heightening crime (last year 43,000 crimes were committed: 33

more than in 1988), and the emergence of an anarcho-democratic style in work, said M. Snegur.

The economic situation reached a stage when crisis is about to be replaced by chaos, said M. Snegur. In 1990 national revenues fell by 6.6

In the first 3 months of the current year alone the agricultural output decreased by 23

According to the Finance ministry, Moldova's balance-of-payments deficit in the current year might reach 2 billion 500 million roubles, which might jeopardize the implementation of many social and production programs.

With reference to the anti-crisis program M. Snegur pointed to the need to liquidate Moldova's isolation from the world market by means of attracting Western investment, setting up joint ventures and granting privileges to those who invest in the agro-industrial sector.

The stipulation concerning transition to world prices in settlements with the republics which refuse to sign the union treaty made in the statement of the ten reflects protectionism, said Mircha Snegur. I believe, he said, that if we charge world prices for the passage of goods, gas and electricity through Moldova, this alone would compensate for our expenditures. But we do not want this, Moldova's president stressed. The best way to protect our consumer market is to introduce national monetary unit, said M. Snegur.

Moldova's president pointed to the need to maintain civic peace in the republic. He said he opposes confederalism the leaders of Dniester Region and Gagauzia are pushing Moldova's leadership to.

The idea of two Romanian states accepted by the leaders of both Moldova and the neighbor country must remove the issue of unification with Romania from the agenda, said Mircha Snegur.

During debates on the agenda of the parliamentary session MP's voted down the proposals to include in it the issue of a declaration of Moldova's independence beyond the USSR and the question of nationalizing the property of Moldova's Communist Party. The first proposal collected 98 votes and the 2nd 95, the number of registered MPs being 309.

S. Khmara Predicted Next Ukrainian President

PM1605090591 Moscow KRASNAYA ZVEZDA in Russian 15 May 91 First Edition p 5

[Report by Lieutenant Colonel I. Nikolaychuk: "S. Khmara Predicted as President"]

[Text] Lvov—The Lvov evening newspaper RATUSHA, on the basis of a report from the Ukrainian interparty assembly press center, informed readers that the most likely candidate for the post of Ukrainian president is the republic's people's deputy Stepan Khmara. This conclusion was drawn on the basis of a sociological study.

As a result the list of presidential candidates now looks like this: Leonid Kravchuk (26.8 percent), Stepan Khmara (17 percent), Stanislav Gurenko (5.4 percent), Ivan Plyushch (2.4 percent), Levko Lukyanenko (1.6 percent), and Vladimir Yavorvskiy (0.8 percent).

It would seem that it is not the former inmate of Lukyanovskaya prison but the chairman of the republic's Supreme Soviet who may become president. But that is only at first glance, the author of the item concludes meaningfully. In the opinion of the press center, we should not be in a hurry to crown Leonid Makarovich, since the results of similar polls in other Ukrainian cities could produce absolutely opposite results.

Government, Opposition Clash Reported in Kiev

OW1505135891 Moscow INTERFAX in English 2100 GMT 14 May 91

[Text] As the trial of Stepan Khmara, people's deputy of the Ukraine, began on Tuesday, there was a sharp worsening of the confrontation between the authorities and the opposition.

Crowds of people carrying the national blue-and-yellow flags gathered before the building of the court in the centre of Kiev. They were carrying the slogans, "Freedom to political prisoners!, "Long live independent Ukraine!", "No to framing Khmara!".

Mr. Khmara and five other people are to stand trial on charges of exceeding their powers, robbery, damaging private and state property, and fomenting mass troubles. Mr. Khmara is charged with assault and battery of police Colonel Grigoryev, which he supposedly committed during the celebration of the anniversary of the October Revolution on November 7 last year.

On the first day, however, the court session lasted less than ten minutes. A protest was immediately submitted by the counsels for the defense. Our correspondent reports that according to Mr. Victor Bed, a counsel for the defense, "major violations of the law" had started from the very beginning; the counsels were not admitted into the court, proceedings began although at that moment Mr. Khmara was absent from the court. Besides, one of the accused claimed he had been drugged while in custody. The court ruled to postpone the session till the next day.

In an interview to the INTERFAX, Mr. Khmara himself said that his trial is "a political one, it's a shameful crackdown on dissidence". "But I'm not going to knuckle under and shall countinue to work for an independent Ukraine", he declared.

For his part, Mr. Vitalty Bilousenko, who presides over the trial, said, "Tomorrow I'll go on with the trial. We'll see what the situation will be. There will be no other commentaries. I'm afraid that my words may be interpreted wrongly by the sides, although the law is the main thing for me".

Following the decision to postpone the session of the court for one day, several thousand demonstrators led by Mr. Khmara marched from the building of the court to the city's main thoroughfare—the Kreshchatik. Regular police whose reinforced detachments were everywhere in evidence on Tuesday, could not dam the crowd. Then the demonstrators were assaulted by the special purpose police units—the OMON. In the ensuing clashes dozens of people were beaten up with batons and some people were wounded.

Our correspondent who was among the demonstrators also suffered; he got hit by a baton on his arm and had his clothes torn.

Shushkevich Criticizes Opposition Methods

91UN1474A Minsk SOVETSKAYA BELORUSSIYA in Russian 23 Apr 91 p 3

[Report on interview with S. Shushkevich, first deputy chairman of the Belorussian Supreme Soviet, by BELTA correspondent Vyacheslav Sivakov: "A Truce or a Strike?"]

[Text] **The Presidium of the republic Supreme Soviet made its choice despite unprecedented pressure from the Minsk strike committee or the threat of a new general strike: The next session of the Belorussian parliament will begin as announced, on 21 May.**

On Saturday morning, right after the meeting of the presidium, BELTA correspondent Vyacheslav Sivakov met with S. Shushkevich, first deputy chairman of the Supreme Soviet.

[Shushkevich] For the last three weeks, from morning till night, I have been dealing with the conflicts that have sprung up like fires. An overly rigid position by the Supreme Soviet presidium could only cause harm, you understand. Once the people came to the square, once they elected a strike committee, the problem had to be resolved. So I and my colleagues started negotiations even as we realized how illegitimate that measure was. The climax was reached at the Friday meeting with the representatives of the city strike committees.

Any negotiations can be fruitful under two conditions only: There have to be points of contact that can be further developed. Also, each side should be prepared to listen to the arguments of the other side. At the meeting both the presidium and the strike committee had equal time to speak. We heard a lot of criticism; it was bitter but fair. We also heard some undeserved reproaches directed at us. But as the presidium members started to make their point, there came pressure bordering on an ultimatum—call an extraordinary session immediately. Then the strike committee leaders ordered a "walk out" as if saying: Let us break up the meeting, we are tired of listening.

To me the fact that there is light breaking in the darkness seems to be the real reason. People have come to understand the deputies' position. That terrifies the organizers, who do not set finding a reasonable, constitutional approach to the problem as a goal.

Authority is authority, in the long run. If the authorities simply have to be loyal to people who are in a difficult situation, who have been misinformed, it is one thing. But the authorities should also behave with dignity toward cads, if you will excuse me.

[Sivakov] But you yourself have said on more than one occasion that the workers had good reasons for staging a protest and going to the square...

[Shushkevich] Yes, there are reasons now too, though it is a little better now. I will be honest with you: At first I

was with those who rallied in the square. But the more I pondered on the nature of the conflict, the more convinced I grew that some destructive forces had cunningly manipulated the workers' unhappiness and the nonsensical price hike that immediately brought hundreds of thousands of people to the point of barely surviving.

[Sivakov] Aren't you simplifying the situation?

[Shushkevich] I am convinced of this.

[Sivakov] Usually our politicians do not bother to present any proof when they mention certain destructive forces...

[Shushkevich] Basically, two of them were visible here. The first is the people's deputies who make up the minority in the parliament. This is not the worst case, because the opinion of the minority very often can be the correct one. But they are not familiar with legislative methods of work, nor do they want to adhere to them and, honestly speaking, it is hard to do. One has to prepare legislative initiatives, sit through commission meetings, and study the fundamentals of theory and law. What for? It is easier to offer advice to everyone, to teach everyone how to live—on the square also.

Those who wanted to be elected to the Supreme Soviet but found themselves outside of it got even more excited. Now they saw an opportunity for revenge. Judging by appearances, these people are also scared of the fact that, according to the results of the first three months, signs of some stabilization have become evident in the republic economy. We have started to rise from our kneeling position. The government has made ends meet in the budget and that is a great achievement under such difficult conditions. Compensation for the price reform is now becoming somewhat decent. I want to reiterate that the position of other forces may seem unattractive against such a background. So, they decided to get in our way and to push our people closer to an even bigger abyss. That is why the authorities should not get panicky and lose their discretion.

[Sivakov] But time flies, valuable time flies. Besides, the strike committee members are convinced that the authorities are not free from the ruinous influence of the party.

[Shushkevich] At present none of our problems is so urgent that we have to rush headlong, as they say, into resolving it. We do not have the right to start a defective session and display how unprepared we are. I can say even more. This adventurous step could add to the inflated legend about the helplessness of the Supreme Soviet. Enough of rallies!

As for the strike committee's demands for depoliticization of government bodies, for privatization, for declaring private property on land—we were getting ready to discuss all these at the next session. We have drafted some decisions on these and other pressing issues. But they are only drafts, preliminary outlines. Speaking of private property on land, for instance, we want to either expedite the Union referendum or to conduct our own. For that purpose we are going to pass a law on referendums. We will also pass a law on recalling deputies, by the way...

In other words, there will be a whole number of changes in the agenda compared with what was originally planned. I just want to mention that all the strike committee demands may be analyzed but rather few of them may be resolved right away. Proclaim the declaration on the republic's sovereignty, for instance, to be a constitutional act. You know, I myself would like to do this; it has been the biggest wish of my life, if you will. But I do not want to appear totally naive in the area of legislation, because this is the area where we absolutely must pass through lots of stages.

[Sivakov] As I understand it you are prepared, not without a certain heartache, to accept renewed strikes so that the coming session will be constructive, even if the strikes result in immense moral and material damage?

[Shushkevich] As I am trying to evaluate the situation soberly, I rely on the common sense of our people. I think that nobody has succeeded yet in fooling the Belorussian workers that easily. They will not go against their families, against their coworkers, or against their peasant brothers. We are not even ready for a serious dialog and words should be followed by actions. To unseat everyone, to ruin it all is the easiest thing to do.

[Sivakov] Stanislav Stanislavovich, what sins you were accused of at the meeting with the strike committee representatives! You are a renegade, you are a conservative, you are a degenerate... Aren't you terrified?

[Shushkevich] I think that none of them can accuse me of the main thing—ignoring his position and his problems. I feel as if I were carrying a heavy, explosive load along a slippery road. I cannot afford to stumble because my mistakes may be fatal, to a considerable degree, for many people and not just for myself. This is why I do not accept reproaches, as I answer fully for my words and actions.

Practically everybody in the Supreme Soviet Presidium shares this conviction. Life demands that we be as we are.

Caucasus

Georgian Tensions Persist Amid Natural Disasters

LD1505212191 Moscow TASS in English 2058 GMT 15 May 91

[By TASS correspondent Valeriy Shanayev]

[Text] Vladikavkaz May 15 TASS—Active tectonic processes continue in mountain entrails in the Dzhava

district, South-Ossetian autonomous region, where the epicenter of a destructive earthquake was registered late in April.

Tremors registering 4-5 hit the area on Tuesday and early today. A danger of landslides and mud streams remains in mountain gorges.

The fate of the mountainous Ossetian village of Khekheti, Dzhava district, has finally become known today. A giant mud stream from nearby mountains engulfed all 45 houses. The number of casualties is being specified.

Tension between Ossetians and Georgians persists in South Ossetia. According to information from the Interior Ministry of the North-Ossetian Republic (an autonomy in the Russian Federation), shootouts were again registered in Tskhinvali suburbs (capital of the South-Ossetian autonomous region in Georgia) early on Wednesday.

Gunmen opened fire from the village of Nikozi. Armed groups continued firing at villages in the Tskhinvali, Znauri and Leninogori districts. Fourteen villagers were wounded.

Georgian authorities today extended the state of emergency in Tskhinvali by another month.

Humanitarian aid escorted by all-Union interior troops continues to come to Dzhava: machinery, building materials, food and medicine. A government commission of the Russian Federation, consisting of skilled building engineers, architects and seismologists, also works there.

Enlisting services of specialists from design offices in North Ossetia, they think how to restore the district centre of Dzhava.

Georgia Advocates Friendship With Armenia

NC1505205491 Yerevan ARMENPRES International Service in Armenian 1215 GMT 14 May 91

[Text] Tbilisi, 14 May (ARMENPRES)—Georgian President Zviad Gamsakhurdia met the representatives of the Armenian community in Georgia.

Greeting the participants in the meeting and nearly half a million Armenians in Georgia, the president noted the importance of dialogue in creating mutual trust and an atmosphere of mutual amity in the republic.

Gamsakhurdia said: Our two nations' friendship, cooperation, and readiness to assist each other in difficult times have been the strong bases for our survival. The empire, however—our common enemy—has resorted to all kinds of provocations to destroy our centuries-old friendship and to drive a wedge between the Georgians and the Armenians of Georgia. The republic's new government will consistently work to strengthen and advance our relations. Having been brought up in a family that upheld the traditions of warm relations between Armenians and Georgians, I will do everything for our nations' future rapproachment.

Participants of the meeting included Van Bayburdyan, editor of VRASTAN [Georgia]; writer Benik Seyranyan; the Georgian artist Serik Shekoyan; Olympic games champion Rafayel Chmshkyan; and others. They referred to the various concrete matters worrying the republic's Armenian population. Solutions to these issues are imperative for civil peace and mutual trust.

'Highest Degree of Tension' Reported in NKAO

LD1505223191 Moscow Radio Rossii Network in Russian 1900 GMT 15 May 91

[Text] Stepanakert—Our correspondent Koryun Khumaryan has reported that the situation in Nagorno-Karabakh Autonomous Oblast [NKAO] has reached the highest degree of tension. Members of the Azerbaijan Special Purpose Militia Detachment, together with people from the Internal Troops of the Union Internal Affairs Ministry, surrounded several villages in Askeranskiy Rayon early this morning. Under the pretext of checking passports, they transported all men ranging in age from 16 to (?50) outside the oblast.

The leadership of the Republic of Armenia has appealed to deputies, to the supreme leaders of all countries, and also to all people of good will to use all means at their disposal to bring pressure to bear on the USSR leadership in order to prevent the genocide of Armenians in the NKAO.

Armenia-Azerbaijan Border Situation 'Complicated'

LD1505172691 Moscow TASS in English 1525 GMT 15 May 91

[Text] Moscow May 15 TASS—The situation on the Armenia-Azerbaijan border remains complicated and in the disputed enclave of Nagorno-Karabakh attacks continue on military patrols, a ranking Soviet Interior Ministry official told TASS.

Yevgeniy Nechayev, chief of the political directorate of the Ministry's troops, said that unidentified gunmen fired on patrols at the Stepanakert Airport and Askeran oil terminal on Monday night but there were luckily no casualties.

Sporadic shots were fired also in the Nagorno-Karabakh capital Stepanakert. The guard room of a military unit there came under fire on Monday.

According to the Soviet Interior Ministry press centre, only one freight train, consisting of 20 cars, arrived in Stepanakert on Tuesday.

Commenting on the situation in Armenia, Nechayev said: "The republican leadership has not drawn the necessary conclusions to this day. Armenian mass media continue to whip up tension, the smear campaign against

the Soviet Army and Interior Ministry Forces goes on, and their movements are continuously monitored."

According to Interior Ministry data, 16 freight trains (600 cars, including 72 fuel tanks) proceeded through the Sadakhlo and Sharun stations in Armenia on Tuesday. No trains passed through Idzhevan.

New Troops Massing on Armenia's Borders

MC1505183591 Yerevan Radio Yerevan International Service in Armenian 1830 GMT 14 May 91

[Text] The last three days have been relatively calm in the regions bordering Azerbaijan in Gorisskiy, Kapanskiy, and Megrinskiy Rayons; however, new troop concentrations have been seen in Lachinskiy and Kubatlinskiy Rayons.

The television transmitter at (?Shataly), which was damaged by gunfire and pillaged by the troops, has not yet been repaired. The three rayons mentioned have started to receive the first programs of the central and republican television after the installation of (?Orbita) satellite reception link.

The residents of [name indistinct] village, who were evacuated to Goris, are returning to their homes. There is no information yet about the hostages taken to Azerbaijan from this and other villages in Gorisskiy Rayon.

The damaged section of the Kapan-Goris highway, which is the only road linking southern Armenia with the rest of the republic, is being repaired. The enterprises in Gorisskiy Rayon have sustained enormous material damage. Many (?farms) and [words indistinct] have been destroyed, and a large amount of agricultural machinery has been damaged.

[The same newscast also reports that "rumors are circulating that the families—women and children—of the servicemen are being evacuated from Yerevan and from the other regions of the republic." "Lieutenant General Lizichev, commander of the Army unit stationed in Armenia, said: The Army command has (?not made) that decision. There is no [word indistinct] evacuation of the families of the soldiers, though (?some families) [words indistinct]. Those who are leaving believe that the situation is very tense [words indistinct]. The general situation in the republic is normal and (?nothing) [words indistinct] threatens the servicemen."]

Armenian Communist Party Secretary Relieved

LD1505103191 Moscow TASS International Service in Russian 1920 GMT 14 May 91

[Text] Yerevan, 14 May (TASS)—A plenum of the Armenian Communist Party Central Committee opened in Yerevan today. It is examining organizational matters.

The plenum approved the request of Stepan Pogosyan, member of the Politburo of the CPSU Central Committee, to be relieved of his duties as first secretary of the Central Committee of the Communist Party of Armenia and member of the buro of the Central Committee. In accordance with a statement by S. Pogosyan, the matter was examined in his absence.

The participants in the plenum are now discussing the subject of the election of a new first secretary of the Central Committee of the Communist Party of Armenia. The bureau of the Central Committee put forward a proposal to enlarge the Central Committee secretariat and to entrust a proposal to enlarge the Central Committee secretariat and to entrust it with the collegiate leadership of the republic's party organization until the first secretary of the Communist Party of Armenia is elected.

After a lengthy discussion, that proposal did not obtain the support of the majority of participants in the plenum.

Six candidates have been proposed for the post of first secretary of the Central Committee of the Communist Party of Armenia. Discussion of the candidates will begin after a break.

The plenum is continuing its work.

New Leader Voted on

LD1505144491 Moscow TASS International Service in Russian 1217 GMT 15 May 91

[By TASS correspondent Tigran Liloyan]

[Text] Yerevan, 15 May (TASS)—Participants in the Armenian Communist Party Central Committee plenum, which is continuing its work, are to elect a new head of the republican party organization.

Starting work on Tuesday, the plenum complied with Stepan Pogosyan, CPSU Central Committee Politburo member's request to be released from his duties as Armenian Communist Party Central Committee first secretary and member of Central Committee Bureau. In accordance with Stepan Pogosyan's statement, the question was examined in his absence.

During discussion on the election of a new Armenian Communist Party Central Committee first secretary, the Central Committee bureau made a proposal to expand the composition of the Central Committee Secretariat and provisionally place it under the collective leadership of the republican party organization until a new leader is elected. After prolonged and heated discussions this proposal did not receive the plenum's support.

Six persons were put forward as candidates for the post of Armenian Communist Party Central Committee first secretary and three of them stepped down.

In view of the late hour the plenum decided to continue its work on Wednesday. Today's session started with

heated debates on whether they should at this point refrain from electing a first secretary because nearly one-third of the plenum's composition is absent.

The plenum participants did not accept the Central Committee second secretary's resignation. Finally, after an exchange of opinions, they started measures to elect an Armenian Communist Party Central Committee first secretary. The secet ballots bear the the names of two candidates—Rafik Mkhitanyan and Aram Sarkisyan.

Ter-Petrosyan on Soviet Action in Armenia

PM1505105291 Paris LIBERATION in French 13 May 91 p 19

[Interview with Armenian President Levon Ter-Petrosyan by Bernard Cohen in Yerevan on 12 May]

[Excerpt] Yerevan—[passage omitted]

[Cohen] Does the present calm situation on the border mean that an agreement has been established between your government and Gorbachev?

[Ter-Petrosyan] Unfortunately, I am not sure that the military operations will not start again. The Soviet authorities are still refusing to be flexible on two points. First, the fate of the 104 Armenian hostages who were taken away by the army and who are now scattered in several cities of Azerbaijan. Soviet KGB chief Vladimir Kryuchkov assured me that their lives are not in danger, but he is not talking about releasing them. It must be stressed that 67 of them are militiamen (policemen—LIBERATION editor's note), the others peasants and civil servants.... There is not a single clandestine fighter among them, which proves that the accusations made by the Kremlin and the Azerbaijani authorities are unfounded. Second, Moscow is still preventing any contact between Armenia and Nagorno-Karabakh, despite that region's supply problems.

[Cohen] However, it is being said that during your meeting with Mikhail Gorbachev on 3 May, you reached an agreement relating to the establishment of a "security zone" between Armenia and Azerbaijan.

[Ter-Petrosyan] That is untrue. The plan to establish a 10km zone (five km on each side of the border) at present only seems to be a maneuver aimed at completely isolating Nagorno-Karabakh from Armenia. I told Mikhail Gorbachev that we were only in favor of that demilitarized zone on two conditions: That it is respected on the Azerbaijani side too, and that the Lachin road, the only land link between our republic and the autonomous region is finally reopened. He did not agree.

What explanation is there for the barbaric methods which have been used for the past two weeks against the Armenian population? It is not an uncontrolled initiative by soldiers: It is one plan which received advance approval from Mikhail Gorbachev and which he continues to support. I have proof of that, I will be able to supply that proof when the time is right. When you see what happened in Paravakar last Friday—1,500 soldiers, 40 tanks, and 10 helicopters sent in against a village in which there were only five hunting rifles—you have to question the goals of such state terrorism. I think the aim was primarily to give political support to Azerbaijani President Ayaz Mutalibov, who is now the Kremlin's only supporter in the Caucasus. Moreover, the objective was and still is to terrorize the Armenian population to ensure that they lose confidence in their institutions and in the independence process which we have started. As in the Baltic countries in January, I am sure this will produce the opposite effect: The Armenians fully support their government, they are not allowing themselves to be intimidated.

[Cohen] However, people here are saying that after the 1988 earthquake, the anti-Armenian pogroms in Azerbaijan, and this latest Soviet military offensive, the population are "weary." Some even say that you are resigned to losing Nagorno-Karabakh forever....

[Ter-Petrosyan] Yes, Moscow's aim is indeed to demoralize a republic which, without ever seeking confrontation, has prepared for independence. But we have countermeasures, notably the autonomous economic policy which we launched two months ago. Of Armenia's 450,000 hectares of cultivable land, 250,000 have already been allocated to private farmers, 100,000 will be kept in reserve by the state, but the privatization process will continue. Its effects are already being felt: Whereas the rest of the USSR is experiencing a terrifying price increase, agricultural prices on Armenia's local markets are still at last year's level.

With regard to Nagorno-Karabakh, I know these accusations, taken up by organizations like the Armenian Revolutionary Federation, or what remains of the Communist Party. Our position has not changed: The question must be settled by peaceful means and negotiations. Nagorno-Karabakh is still being used as a means of exerting pressure on Armenia, but we will stand by our proposals.

[Cohen] Azerbaijan alleges that there have been 304 military actions by Armenian guerrillas against its territory since the beginning of the year which have claimed 61 lives. Is this proof that uncontrolled groups are continuing their activity on your territory?

[Ter-Petrosyan] These figures do not reflect the real situation. At the beginning of February, I presented the Soviet authorities with a complete report establishing that of 160 military incidents in the region in 1990, 156 were against Armenian villages and 4 against Azerbaijani villages. Nobody disputed the accuracy of those figures. From September to January we neutralized all the groups who refused to respect the law in Armenia. The whole command of the Armenian national army was imprisoned, and some have already been tried. The best

elements of those groups were integrated in the republic's regular security forces. This process was not easy, I was the target of several attacks, my house was attacked, but we did not give in, we achieved complete normalization. However, the USSR's military campaign against our villages is bound to encourage a few elements to try to take up arms again.

In this connection, I would like to reaffirm that the conflict which has been going on between Armenia and Azerbaijan for three years now is not based on ethnic or religious hatred. Until the past few days, there was still reason to believe that it was. But the attitude of the Soviet army and government clearly shows that it is a conflict between Armenia and the empire.

[Cohen] How will Armenia ensure its economic independence if it leaves the Union?

[Ter-Petrosyan] We are not lagging behind in this sphere. The land privatization which I mentioned, and then the privatization of small and medium-sized enterprises to which I referred, starting with the service sector, will be followed by the reorganization of big industries, focusing on non-polluting activities which will create jobs, like electronics or computers. This year, the Union was due to pay us 1.8 billion rubles, but we have not received a single kopek in four months. We will manage on our own, as people are now doing in the USSR, where money no longer has any meaning and where the economic recovery is being carried out by exchanges of goods, barter if you like, between enterprises and republics.

We are counting a great deal on an economic opening up with Turkey and Iran—countries which we need for our international trade and which need us for access to the Soviet markets. Communications with those two countries are being improved, an Iranian trade delegation is expected in Yerevan. Western investors are still holding back, especially after the abortive plan for the Pechiney factory (which Moscow blocked last year—LIBERATION editor's note). But if regional economic exchanges increase, that will be attractive to them.

Official Claims Moscow Has Betrayed Armenia

AU1505113691 Budapest NEPSZAVA in Hungarian 11 May 91 p 3

[Interview with Aleksandr Azomanyan, adviser to Armenian President Ter-Petrosyan, by Csaba Szerdahelyi; on the telephone from Yerevan, date not given: "Yerevan on the Brink of a State of Emergency"—first paragraph is NEPSZAVA introduction]

[Text] Moscow has betrayed Armenia. Mikhail Gorbachev promised President Ter-Petrosyan something completely different than what is happening now. These were some of the statements made by Aleksandr Azomanyan to our NEPSZAVA correspondent.

[Szerdahelyi] A few days ago, NEPSZAVA was told that Gorbachev had promised President Ter-Petrosyan that he would do everything in his power to protect the Armenians....

[Azomanyan] We were completely astounded to discover that none of that was true. Moreover, following the recent bloody actions against Armenian villages, the Soviet authorities in Yerevan are showing visible signs of preparation.

[Szerdahelyi] Is it true that Soviet officers are starting to be evacuated from the Armenian capital?

[Azomanyan] Yes, I can confirm that. The first group of officers' families has already left Yerevan by airplane (not a civilian airplane, of course). What I find most surprising is that, according to our sources, that airplane was heading for Baku, but this information has not yet been confirmed.

[Szerdahelyi] Perhaps it is another one of those alarming rumors?

[Azomanyan] As I say, that information has not yet been confirmed, and we definitely wish to avoid the spread of alarming rumors. Unfortunately, there is plenty of bad news without such rumors. For example, this measure taken by the officers is probably a clear indication of the fact that they want to evacuate their own people from Yerevan—this could all be a premonitory sign for military actions to come.

[Szerdahelyi] This evacuation seems illogical if, as you say, they are getting ready for a takeover in Yerevan.

[Azomayan] As shown by the events of the last few weeks, one cannot predict Moscow's logic.

[Szerdahelyi] Do you think that Yerevan might need to take precautions for its self-defense?

[Azomayan] We have already taken the first steps. If necessary, we can erect barricades along the roads leading into the city and on busy junctions within a matter of hours. The atmosphere in Yerevan is incredibly tense. During the first half of the week, we succeeded in convincing the leaders of our public organizations to postpone a mass demonstration announced earlier. We explained to them that such an uncontrollable street demonstration would be the best possible opportunity for open provocation.

[Szerdahelyi] In the past, the Yerevan government has been accused of not being in control of the domestic situation. It has been said that the government is unable to put pressure on the innumerable armed groups in Armenia. Perhaps that is why Moscow is trying to prevent the possible breakout of a civil war?

[Azomayan] We passed the stage of such questions a long time ago, and, as you know, there is civil war again in the Karabakh and along the border region. However,

Moscow cannot explain why the Soviet Army—which is now replacing domestic troops—is fighting on the Azeri side!

[Szerdahelyi] Armenians have once again turned to the outside world for help. What are your chances of receiving assistance?

[Azomayan] The largest Armenian communities live in France and the United States, so we rely primarily on their moral support. However, as time goes by, we cannot guarantee that extremist organizations will refrain from taking certain actions. We do not want to draw the world's attention to us in this way. However, the world does not give us any attention anyway....

Central Asia

Kyrgyzstan, Trade Unions Sign First Agreement

LD1505083291 Moscow All-Union Radio First Program Radio-1 Network 0700 GMT 15 May 91

[Text] The first agreement in the history of Kyrgyzstan on labor and socioeconomic issues has been signed between the Cabinet of Ministers and the council of the republican federation of trade unions. The Cabinet of Ministers deemed it purposeful to examine the trade unions' proposals for funds to be found for compensation in connection with price increases in works cafeterias, for partial compensation of food costs in student hostels, and for maintenance of prices in school cafeteria's. The agreement provides for measures preventing a sharp decline in working people's living standards and for amelioration of the negative consequences of the transition to a market economy. The issue concerns in particular compensation to the population for addition expenses connected with price rises, resolution of the employment problems, housing, health and labor safety matters, and others. The reciprocal pledges of the sides are stipulated in connection with this.

OMON Reportedly Still Recruiting in Dushanbe

LD1405122291 Dushanbe KOMMUNIST TADZHIKISTANA in Russian 24 Apr 91 p4

[Excerpts] A detachment of the Special Purpose Militia (OMON) is still being formed in Dushanbe. This organization is absolutely necessary in fighting mass disturbances and armed gangs.

During the selection process particular attention is paid to the candidates' physical development. Tough young men with a perfect command of the skills of oriental martial arts and hand to hand fighting as well as professionalism in handling all kinds of fire arms are needed. [passage omitted] People may well have heard about the conflict between local people and students at the pedagogical institute early in March this year. OMON men got to the scene in good time. Thanks to their skill in finding a common language with people, the conflict was averted.

Tajik Law on Denationalization

914A0565A

For this law published in the 6 March 1991 KOMMUNIST TADZHIKISTANA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-018, dated 15 April 1991, pages 16-18.

Uzbek Draft Legislation on Enterprises

914A0514A

For this legislation published in the 29 January 1991 PRAVDA VOSTOKA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-019, dated 19 April 1991, pages 10-17.

Uzbek Law on Banks, Banking Activities

914A0617A

For this law published in the 5 March 1991 PRAVDA VOSTOKA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-020, dated 25 April 1991, pages 25-34.

Uzbek Law on Income Tax

914A0614A

For this law published in the 7 March 1991 PRAVDA VOSTOKA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-020, dated 25 April 1991, pages 34-44.

Kazakh Law on Employment of Population

914A0574A

For this law published in the 8 February 1991 KAZAKHSTANSKAYA PRAVDA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-019, dated 19 April 1991, pages 17-27.

Kyrgyz Illegal Trade Activities Amendments

914A0610A

For this law amending legislation on illegal trade activities published in the 6 March 1991 SLOVO KYRGYZSTANA, see the JPRS Report Soviet Union: Economic Affairs, JPRS-UEA-91-019, dated 19 April 1991, pages 34-37.